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of the  
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on  
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**Volume II  
Statements by Heads of Delegation**



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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.

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For the recommendations, resolutions, declarations and decisions adopted by the United Nations Conference on Trade and Development, see:

First session: *Proceedings of the United Nations Conference on Trade and Development*, vol. I, *Final Act and Report* (United Nations publication, Sales No. E.64.II.B.11), pp. 17-65.

Second session: *Proceedings of the United Nations Conference on Trade and Development, Second Session*, vol. I and Corr.1 and 3 and Add.1-2, *Report and Annexes* (United Nations publication, Sales No. E.68.II.D.14), annex I, A, pp. 27-58.

Third session: *Proceedings of the United Nations Conference on Trade and Development, Third Session*, vol. I, *Report and Annexes* (United Nations publication, Sales No. E.73.II.D.4), annex I, A, pp. 51-114.

Fourth session: *Proceedings of the United Nations Conference on Trade and Development, Fourth Session*, vol. I, *Report and Annexes* (United Nations publication, Sales No. E.76.II.D.10), part one, sect. A, 1, pp. 6-44.

Fifth session: *Proceedings of the United Nations Conference on Trade and Development, Fifth Session*, vol. I, *Report and Annexes* (United Nations publication, Sales No. E.79.II.D.14), part one, sect. A, pp. 6-50.

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For the check-list of documents before the Conference at its fifth session, 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 XI.

For the list of participants in the fifth session of the Conference, see TD/INF.18.

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<sup>f</sup> Invited to participate in the Conference pursuant to General Assembly resolution 3280 (XXIX).

<sup>g</sup> Invited to participate in the Conference pursuant to General Assembly resolution 3280 (XXIX).

<sup>h</sup> Invited to participate in the Conference pursuant to General Assembly resolution 3237 (XXIX).

<sup>i</sup> Invited to participate in the Conference pursuant to General Assembly resolution 31/152.

## ABBREVIATIONS

ACP	African, Caribbean and Pacific countries signatories to the Lomé Convention
AfDB	African Development Bank
AsDB	Asian Development Bank
ASEAN	Association of South-East Asian Nations
CACM	Central American Common Market
CARICOM	Caribbean Community
CFA	African Financial Community
CILSS	(Permanent) Inter-State Committee on Drought Control in the Sahel
CMEA	Council for Mutual Economic Assistance
DAC	Development Assistance Committee (of OECD)
ECA	Economic Commission for Africa
ECDC	economic co-operation among developing countries
ECE	Economic Commission for Europe
ECLA	Economic commission for Latin America
ECOWAS	Economic Community of West African States
ECWA	Economic Commission for Western Asia
EDF	European Development Fund
EEC	European Economic Community
ESCAP	Economic and Social Commission for Asia and the Pacific
FAO	Food and Agriculture Organization of the United Nations
GATT	General Agreement on Tariffs and Trade
GDP	gross domestic product
GNP	gross national product
GSP	generalized system of preferences
IADB	Inter-American Development Bank
IATA	International Air Transport Association
IBRD	International Bank for Reconstruction and Development (World Bank)
ICAO	International Civil Aviation Organization
ICC	International Chamber of Commerce
ICFTU	International Confederation of Free Trade Unions
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
ILO	International Labour Organisation
IMCO	Inter-Governmental Maritime Consultative Organization
IMF	International Monetary Fund
IPFs	indicative planning figures
ITC	International Trade Centre UNCTAD/GATT
LAFTA	Latin American Free Trade Association
MFN	most favoured nation
NATO	North Atlantic Treaty Organization
OAU	Organization of African Unity
ODA	official development assistance
OECD	Organisation for Economic Co-operation and Development
OPEC	Organization of Petroleum Exporting Countries
R and D	research and development
SDRs	special drawing rights
SWAPO	South West Africa People's Organization
TCDC	technical co-operation among developing countries
UDEAC	Central African Customs and Economic Union
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization

UNITAR	United Nations Institute for Training and Research
WFP	World Food Programme
WFTU	World Federation of Trade Unions
WHO	World Health Organization
WIPO	World Intellectual Property Organization
World Bank	International Bank for Reconstruction and Development

### **EXPLANATORY NOTES**

References to dollars (\$) are to United States dollars, unless otherwise specified.

The term "billion" signifies 1,000 million.

A hyphen between years, e.g. 1967-1977, signifies the full period involved, including the beginning and end years.

An oblique stroke between years, e.g. 1976/77, indicates a financial year or a crop year.

## **STATES MEMBERS OF UNCTAD**

**Statement made at the 159th plenary meeting, on 15 May 1979,  
by Mr. Abdul Qudus Ghorbandi, Minister for Commerce of Afghanistan**

Mr. President, on behalf of the delegation of the Democratic Republic of Afghanistan, I have pleasure in extending to you my sincere felicitations on your unanimous election to the high office of President of this fifth session of the United Nations Conference on Trade and Development. Your election is a recognition not only of your personal qualities but also of the important role played by your country in the field of international development. Once again the Philippines is hosting an important international gathering dedicated to the pursuit of social and economic development.

We wish to convey our sincere appreciation to you and, through you, to the Government and people of the Philippines for the very generous and warm hospitality extended to us.

I should also like to seize this opportunity to pay special tribute to the Secretary-General of UNCTAD, Mr. Gamani Corea, for his untiring efforts in the service of international peace, progress and development.

Every four years, we are offered an opportunity, under the auspices of UNCTAD, to examine the wider issues of trade and economic development and to take decisions that will serve as signposts for international economic activities in the years to come.

Our meetings also serve as opportunities for in-depth evaluation of past performance and for reflection on new ideas put forward to alleviate the plight of the two thirds of humanity that are victims of dire poverty and pestilence.

World attention is focused on us here in Manila and the peoples of the third world await anxiously the outcome of our deliberations, for we embody their aspirations for a just and equitable world order that will ensure a substantial rise in the levels of the material and cultural well-being of the poorest segment of the world's societies.

The fifth session of the Conference can be a historic turning point in the transformation of the present unjust system of international economic relations, which has served to elevate a group of nations to the heights of progress and affluence while condemning the vast majority to levels of bare subsistence—a shameful system of exploitation and economic oppression designed to serve colonial and imperialistic interests and to perpetuate economic subservience.

The success of this session will be judged by one yardstick alone: that of the progress made towards economic equity and social justice.

Determined to emerge from exploitation to economic emancipation and from dependence into self-reliance, the developing countries, united by a common heritage of backwardness and poverty bestowed upon them by the dark era of colonialism, have spared no effort in

seeking positive and effective solutions to their common problems. However, almost 20 years after launching the First United Nations Development Decade, 15 years after convening the first session of the Conference, the developing countries continue to face severe obstacles and encounter structures and machinery which no longer respond to the requirements of the contemporary world.

Initiatives and projects have succeeded one another without any substantial change occurring in the harsh realities confronting the developing countries, and the arguments and theories put forward have shown inadequate understanding of their difficulties.

The failures of international development strategies have been due mainly to the performance of the developed market economies which, as a whole, have not attained the targets set or implemented the required policy measures. Most of them, as former colonial and neo-colonial Powers, have failed to recognize the tremendous debts they contracted in Asia, Africa and Latin America and to shoulder their responsibilities by redressing the ills left behind by centuries of pitiless exploitation. It should come as no surprise to them if we interpret this lack of political will as stemming from a concerted plan to maintain their economic supremacy by foiling efforts aimed at releasing developing countries from economic tutelage and dependence. In the opinion of our delegation, another reason for the failure of international development strategies was that the strategies themselves were ineffectual, in that they attempted to tackle the problem of economic development through a series of unrelated measures and within an international framework which gave the greater share of benefits to the developed market economies.

Only a new international economic order and a concept of international co-operation based on the legitimate interests of the international community can remedy the inequities and grave imbalances that exist between the developed and the developing countries. A bold and far-sighted restructuring of economic relations is imperative if developing countries are to succeed in attaining their objectives of sustained and continuous growth. The developing countries are anxious to translate principles into practice and to evolve new organizations and arrangements that would effectively meet their needs.

Although the acceleration of the economic development of the developing countries depends above all on the mobilization of their internal resources, the inflow of foreign exchange earnings constitutes an important means to that end. Accordingly, developing countries must be allowed a larger share in international trade, and restructuring of external trade patterns so as to ensure equality and mutual benefit in trade is essential if

they are to achieve growth and economic stability. The actions undertaken in this field must be pursued and expanded, whether they concern the adoption of a GSP or the successful conclusion of the multilateral trade negotiations, which have failed to respond to the interests and concern of developing countries in a manner consistent with the commitments given in the Tokyo Declaration.

UNCTAD and other international agencies must make further positive moves to free the world from protectionist trends, discriminatory trade restrictions and other arbitrary and disruptive economic and financial dislocations. It is essential to negotiate new rules for trade between developed market economies and the developing countries, and to bring about the necessary adjustments in the production structures of Western industrialized nations, so as to achieve a better international division of labour and the transference of production capacities. The delegation of the Democratic Republic of Afghanistan welcomes the recent agreement reached in Geneva on the establishment of a Common Fund to stabilize commodity prices. While it is a pale shadow of what the Group of 77 originally proposed at the fourth session of the Conference, we nevertheless consider the agreement an important step towards the realization of an Integrated Programme for Commodities as embodied in Conference resolution 93 (IV), which calls for an equitable and orderly restructuring of world commodity markets in the interest of both producers and consumers. In this context, the delegation of Afghanistan wishes particularly to emphasize that, in drawing up the list of commodities, special attention must be paid, on a preference basis, to the commodities of the least developed countries, which are mainly in the form of agricultural products and handicrafts. A special programme should also be adopted to assist those countries in improving the export potential of their commodities both quantitatively and qualitatively, and in increasing the volume and value of such exports.

We are convinced that the development of international trade relations ultimately depends on the efforts of all partners, and that the expansion of international co-operation in the field of trade and in other sectors of economic activity, independently of differences in social and economic systems, contributes to the promotion of social and economic progress.

In this light we are happy to note that, in the period between the third and fourth sessions of the Conference, trade relations between countries having different social and economic systems, particularly those between the socialist and the developing countries, have developed rapidly. We are confident that the socialist countries will continue to exercise their role as partners and natural allies in development by further intensifying their trade relations with developing countries and by continuing to focus their efforts on the sphere of economic and technical assistance, so as to enable developing countries to achieve their major economic and social goals.

It would be wrong, however, to place the socialist countries on a par with the developed capitalist countries in the field of international economic co-operation,

for their contribution stems from the social and economic characteristics of the socialist system, so that they co-operate in the name of international solidarity, and not in reparations for past wrongs, nor as a moral obligation for the underdevelopment imposed by colonial and neo-colonial powers.

For its part, the delegation of the Democratic Republic of Afghanistan is grateful for the generous assistance rendered by the socialist countries, particularly the Soviet Union, in our development efforts.

It is increasingly recognized that the structural adjustments which must be made in the pattern of production and trade call for fundamental changes in the structure of international monetary and financial systems, so as to enable developing countries to expand their international trade, adjust their balances of payments and further their development process within the overall context of the establishment of a new international economic order.

The measures so far adopted to reform the international monetary system in the face of high and persistent inflation, currency depreciation and fluctuations in the exchange rates of major currencies engendered by crises in the world capitalist economic system have essentially been *ad hoc* in nature, and the burden thereof has been borne by the developing countries, in the form of balance-of-payments deficits and financial indebtedness which has in turn limited their development programme.

While supporting proposals for the establishment of a facility to provide balance-of-payments support to finance the externally induced deficits of developing countries and measures aimed at improving existing compensatory financing facilities, the delegation of the Democratic Republic of Afghanistan considers that a genuine and fundamental reform of the international monetary system consistent with the trade and development requirements of developing countries is of great importance.

The management of the world economy can no longer be accepted to be the prerogative of an exclusive group of countries. There is a need for greater participation of developing countries in the decision-making process, so as to ensure effective control over the creation and distribution of international liquidity, greater consistency in foreign exchange rate policies and stability in the exchange rates of major currencies.

The reform of the international monetary system should be accompanied by corresponding policies aimed at increasing the flow of ODA to developing countries from developed countries and international organizations. The performance of certain Western industrialized countries falls far short of the target 0.7 per cent allocation of their GNP called for by the Second United Nations Development Decade. It is fervently hoped that this group of countries will demonstrate a more responsible attitude by increasing their ODA disbursement by at least 25 per cent per year in the next three years, as proposed in the Arusha Declaration.

Improvements must be made in the quality of ODA to render it continuous, automatic and assured. Particular attention must be paid to the needs of the least



developed countries, for which new ODA transfers should be in the form of grants.

Another problem that requires urgent attention is the debt burden imposed on the developing and the least developed countries. Forced to borrow large sums, at times at exorbitant interest rates, to finance imports required for their development, developing countries are fast becoming exporters of capital through debt-servicing. Although the problem of the external indebtedness of the least developed and the developing countries can be satisfactorily solved only through a just restructuring of international economic relations, there must be immediate action on the part of Western developed nations in the form of relief measures such as waivers or postponements of interest payments and the amortization and cancellation of the principal of official debts.

The developed Western industrialized nations must not abdicate their responsibilities, for they have contracted tremendous debts by having benefited more than generously from colonial and neo-colonial domination. They should now compensate for the resources they obtained, so as to begin redressing the ills left behind by centuries of systematic and ruthless exploitation. Such compensation should initially manifest itself in generous ODA contributions and constructive debt-relief measures.

It is now widely recognized that the growing gap between the standards of living of the developed and the developing countries is also attributable to differences in their levels of technological know-how. However, the acquisition of new technology is largely governed by the operation of the international patent system and the licenses and trade marks which play an important role in the economic expansionist and exploitative aims of Western industrialized nations.

Developing countries continue to pay dearly for the technology they need and suffer from the monopolistic practices employed. There is a clear need for action at the international level to set minimum standards based on a fair and equitable balance of the economic interests involved. The formulation and adoption of an international code of conduct for the transfer of technology which took account of the needs of developing countries by eliminating unfair practices would constitute a major step forward for both recipients and suppliers.

Thus, two important aspects continue to merit our attention: the need for restructuring the legal and juridical environment governing the transfer of technology; and action by the developing countries themselves to strengthen their technological capability and so reduce their dependence on the developed market economies for the supply of technology.

The UNCTAD Advisory Service on Transfer of Technology has played a significant role in assisting developing countries to strengthen their technological capacity, and we support any measure aimed at finding ways and means of rendering the service more effective in meeting the increasing requirements of developing countries for technical and operational assistance in strengthening their technological capacity and paving the way for their accelerated technological transformation. In this context, we also support fully measures

aimed at establishing modalities of co-operation at the national, regional and international levels.

As a country listed in the least developed category, Afghanistan cannot but express its concern over the limited progress made in the implementation of resolutions and special measures adopted in favour of the hard-core least developed countries.

Not only has the *per capita* growth of GNP in the least developed countries been slower in the 1970s than in the previous decade but in most of those countries there was an actual decline in *per capita* GNP between 1970 and 1977.

In the light of this trend, the delegation of the Democratic Republic of Afghanistan would urge immediate adoption of a radically expanded programme, as outlined in the Arusha Declaration, which would provide for the countries in question an immediate uplift in their economies and lay the ground for the implementation of a new programme of action for the 1980s within the framework of the Third Development Decade. Such a programme should aim at overcoming those countries' economic difficulties, which typically include very low *per capita* income, low agricultural productivity and an extremely low level of export receipts. Greater mobilization of resources on the part of the international community is required if the basic structure and conditions of the least developed countries are to alter. This implies a definite commitment by the developed countries and international organizations to at least double the present flow of assistance to this group of countries by 1981 and to ensure adequate financial support for the effective and successful implementation of the new programme of action.

The backwardness of most of the least developed countries is attributable to a considerable extent to their unfavourable geographical location. High transport costs, unfavourable freight rates and the lack of the necessary transit facilities pose serious constraints on the development of their external trade, which in turn hampers their infrastructural development.

The special measures hitherto adopted to compensate them for their geographic disadvantage have not been very successful and the resources of the Special Fund created for land-locked developing countries leave much to be desired.

Greater financial and technical assistance by developed countries and international organizations is required to reduce land-locked developing countries' costs of access to world markets, improve the quality and efficiency of transit-transport services, and restructure their economies so as to overcome their handicaps. In addition, effective and sincere co-operation is needed between the land-locked developing countries and their transit neighbours, based on the application of the principle of the right of free access to and from the sea. In the opinion of the delegation of the Democratic Republic of Afghanistan, so long as land-locked developing countries are deprived of such a right, they will be unable to benefit sufficiently from commercial policies adopted by the international community and will remain prisoners of their adverse geographical location.

Collective self-reliance on the part of developing countries is gaining increasing recognition as an important cornerstone of the new international economic order and our delegation attaches great importance to TCDC as a means of strengthening the solidarity of the peoples of these countries. The similarity of our resources, as well as our problems, aspirations and purpose, all create a strong basis for co-operation in technical, cultural and trade relations. However, for ECDC and TCDC to become effective instruments in the international development process requires concomitant action and meaningful contributions on the part of the developed countries and international institutions to implement initiatives and projects in the field of trade, technology and finance at the subregional, regional and global levels.

Developing countries must be given the necessary technical assistance in listing their special requirements and the resources to secure the necessary support measures from the developed countries and to formulate project proposals within the framework of ECDC and TCDC. It should be noted, however, that there are different levels of development even among developing countries and that, for effective economic co-operation, special attention should be paid to the problems, needs and aspirations of the less developed among them.

We firmly maintain that the decisive role in the eradication of poverty and backwardness belongs primarily to the developing countries themselves.

In Afghanistan, the achievement of the fundamental objectives of an independent and harmonious economic, social and cultural development called for radical and revolutionary changes. Since the establishment of Democratic Order in Afghanistan, the People's Democratic Party of Afghanistan and the Government, headed by our beloved leader, Noor Mohammad Taraki, have adopted a series of measures designed to organize agriculture as a basis for development and industry as its motivating force. Our new five-year development plan launched this year is formulated on the sound principles of providing our people with basic human rights in terms of food, clothing and shelter and paving the way for rapid economic and social development.

The main objective of our five-year plan is to pave the way, with the active participation and co-operation of our toiling people, for the achievement of the following:

1. Assured development and modernization of the material and technical infrastructures of our national productive capacities;
2. Establishment of new and varied industries through the mobilization of our natural and human resources;

3. Training of national cadres in accordance with the social and economic requirements of the country;
4. Advancement of the educational levels of our workers;
5. Improvement and allocation of our productive forces in accordance with our objectives of overall development and towards attaining a balanced and assured growth between the various regions of the country.

Through vigorous agrarian reforms and the dissolution of an archaic system of mortgage and usury, we have freed our people from the clutches of feudalism which for centuries had systematically oppressed and exploited them.

Thus freed, our human and material resources are being effectively utilized in pursuit of our objectives of social and economic progress. We are aware that the path towards development is difficult and complex, but we are confident that we shall attain our objectives by diligently and systematically following the revolutionary course we have charted for ourselves.

No subversive attempts, no matter from what quarter they come, can deter us from our course in building a society based on justice and equity and free from the exploitation of man by man.

The items on our agenda have been the subject of deliberations in international forums for over two decades, and the decisive questions shaping those deliberations were and continue to be essentially political.

However, it is rapidly coming to be recognized that no nation or group of nations can continue as islands of prosperity amidst oceans of poverty and despair, and that the concept of "interdependence" demands that we look beyond national horizons and selfish interests. The needs and aspirations of the peoples of the third world must be accommodated, and this Conference should exert every effort, in a spirit of international solidarity, to promote real economic and social progress, so as to attain our final objective of peace, justice and social development for all.

I should like to conclude by stating that the process of détente is becoming more and more of an active factor in the development of external economic ties, and we firmly believe that the strengthening of international peace and security as a prerequisite for economic development, through the expansion of détente and the implementation of the principles of peaceful coexistence, is the only means of creating more favourable conditions for the solution of current social and economic problems.

**Statement made at the 163rd plenary meeting, on 17 May 1979,  
by Mr. Abdelghani Akbi, Minister for Commerce of Algeria**

I should like to express our thanks to the Government and people of the Philippines for the warm welcome we have received here in the city of Manila. It is Manila

which has given its name to a programme of action that has consolidated the unity of the third world in a lasting manner and helped to strengthen its positions.

I should also like to congratulate you, Mr. President, on your unanimous election. As soon as we started our work we found in you the competence, wisdom and outstanding human qualities for which you have long been known.

I must also pay tribute to the competence and devotion to duty of Mr. Gamani Corea, Secretary-General of UNCTAD, who has made a valuable contribution to the great work of international solidarity which is the justification for this Conference.

The fifth session of the United Nations Conference on Trade and Development is being held, almost day for day, five years after the closure, on 2 May 1974, of the sixth special session of the General Assembly of the United Nations on problems relating to raw materials and development.

The Declaration and the Programme of Action adopted at that session met the aspirations of our peoples and at the same time were in keeping with the best interests of the international community as a whole.

The foundations were thus laid for a North-South dialogue based on a global approach and guided by the promotion of equity and mutual interests.

After the Paris Conference, the North-South dialogue returned to its proper context within the United Nations. Experience has clearly shown that it was neither possible nor desirable to continue within limited forums a discussion which concerns every member of the international community and to which each member has the right to contribute its own efforts and its own essential character. We must not forget the lessons of this experience in organizing our future work.

During recent years the developing countries, at the cost of increasing indebtedness, have cushioned the impact on the developed countries of a structural crisis for which the latter have failed to find appropriate solutions at the right time. Despite this acknowledged contribution to the maintenance of world economic activity, our countries have subsequently been compelled to take on an unjustifiable share of the burden of the adjustments which have been made by the developed countries. These adjustments have resulted in the export of the economic crisis and inflation, and an increase in structural unemployment in the developing countries. In addition, manual workers had been repatriated on a large scale, without proper compensation and without any planned co-operation with their countries of origin.

The developed countries are thus subjecting us to the aberrations of their policies but at the same time expect the countries exporting raw materials constantly to tailor their supply to fluctuating needs, all in the name of stability of supply. This is only another way of transferring to the supplier countries responsibility for adjustment to continually changing circumstances in the industrialized countries. This concept of stability of supply, which excludes from its scope both our imports and the earnings and purchasing power of our exports, is inadmissible because it creates instability for the exporting developing countries.

On the other hand, if the resolutions adopted at the sixth and seventh special sessions of the General

Assembly and at the fourth session of the Conference had been translated into fact, the conditions would have been established for true stability and sustained development of the world economy. The slight progress achieved since then cannot hide the fact that basically the common endeavour is still at the blueprint stage.

It is true that, with the conclusion of the agreement on the basic elements of the Common Fund, a start has been made on implementing the Integrated Programme for Commodities, which remains one of the major attainments of the Conference at its fourth session at Nairobi. However, the Fund's resources are in fact minimal and its establishment continues to be jeopardized by the reservations of certain countries. Were so many years of hard bargaining really necessary in order to arrive at this result? The voluntary contributions to the second window of the Common Fund pledged by certain developed countries at this Conference are of course encouraging. But those countries which have expressed reservations about such contributions, and which are among the richest countries, should withdraw their reservations quickly if the Fund is to become a practical and effective example of true international co-operation.

Algeria, despite the fact that it ranks foremost among the developing countries that are net importers of commodities covered by the Integrated Programme, unreservedly supported the Common Fund in its initial phase. In addition to its direct contribution, Algeria is trying to increase its voluntary contributions to the second window within the framework of the existing multilateral financial institutions and bodies of which it is a member, including the OPEC Special Fund. These contributions would, of course, be in addition to the pledges already made by the OPEC Special Fund in this connection to the least advanced countries.

Algeria's position in this area is more than just an act of solidarity with commodity-exporting developing countries. It is a practical expression of its conviction that it is not only legitimate and necessary, but also economically justified to effect a genuine readjustment of the price of the third world's raw materials, whether it be the oil we export or any other commodity, including commodities which we import.

Apart from the agreement on the Common Fund, which, together with the still partial alleviation of the public debt of the least developed countries, seems to be the only tangible result of the Nairobi Conference, the extent to which the other measures adopted have been implemented has been derisory. Whichever way we look we can see that no progress has been made and that in some cases there has even been a deterioration in relation to the objectives set by the General Assembly and by the Conference at its fourth session. This situation stems from the lack of political will on the part of the developed countries to convert rhetoric about the interdependence of economies into practical action.

As in 1974, we are still ready to seek common solutions; but, just as in 1974, our desire for co-operation cannot be separated from a clear and uncomplicated awareness of the true nature of the problems facing us and the solutions which they call for.

Unlike the fragmentary *ad hoc* measures which are periodically proposed in order to divert any attempt at the concerted restructuring of international economic relations, these solutions must first and foremost constitute a coherent system.

The solutions presuppose that the developing countries are able to exercise the rights accorded to them, in particular under the Charter of Economic Rights and Duties of States, to recover their national wealth, to develop their raw materials and to organize themselves collectively in order to safeguard the purchasing power of their export earnings.

The imperative need to free ourselves from external dependence means that we must industrialize rapidly, despite obstacles such as limited domestic markets, limited financial and technical capabilities, and barriers to access to the markets of the industrialized countries.

But is it not surprising to note the divergence between the professions of faith in free trade, so forcefully and repeatedly made by the developed countries during the present debate, and the establishment of an increasingly sophisticated network of protectionist measures eluding the regulations that these same countries have introduced?

Protectionist measures are increasing at a time when the developing countries are continuing to import five times more manufactured goods than they export. What would be the reaction of the industrialized countries, therefore, to the proposed new international division of labour, which is supposed to bring about an equitable balance in commodity trade within the framework of intra-sectoral specialization at the world level?

The improvement of the GSP should be studied also with the idea of paving the way towards this new division of labour. This is all the more necessary because the scope of this system has been considerably diminished by the conclusion of the so-called multilateral trade negotiations—which it would have been more accurate to term trilateral—and by certain discriminatory practices from which the developing countries are suffering, because of their resolve to develop their national wealth for the benefit of their peoples.

This negative attitude in the field of manufactured goods logically extends to the field of the transfer of technology. When technology is transferred, it is either transferred at prohibitive rates or is subject to restrictive or abusive clauses. Frequently, on the basis of theories stemming from a desire to maintain the *status quo*, our countries are channelled towards obsolete technology. On the other hand, they are also sometimes used as guinea-pigs for advanced technologies which have not yet been fully mastered.

This fettered system leaves little possibility for the developing countries to achieve the objective of 25 per cent of world production of manufactured goods set by the Lima Conference. Care must therefore be taken to ensure that this development does not lead to the imposition upon the third world of a state of autarky which would be very different from the autonomy which it desires and which might well prove as harmful to developed as to underdeveloped economies.

The codification of regulations and guiding principles is therefore urgently needed in this area as in that of the activities of the transnational corporations which in most cases possess the technology concerned. This codification must be part of an overall reform of the principles and regulations governing international trade and economic relations. It will not be sufficient to proclaim in this forum that the codes thus established must be mandatory in character. They must not merely reflect the relations of force currently existing, but they must foreshadow a realignment of these relationships and provide the developing countries with the necessary means to attain the objectives set. It is also in this perspective that the development of the code of conduct for shipping will have to be envisaged. In its present form this code covers too few of the commodities comprised within the foreign trade of the third world.

Our desire to restructure world trade should also be reflected in the development of trade between countries having different economic and social systems. This has enormous potential, as the Secretary-General of UNCTAD rightly pointed out in his statement. Efforts should be made, in particular, to strengthen trade between developing countries and socialist countries, thereby meeting the requirements of the new international order.

All these trade measures would have only a limited effect, however, if they were not supplemented and supported first and foremost by a redistribution of international capital flows.

The aim of international action must be to remedy the adverse effects of a monetary system that works only to the benefit of the developed countries and of the increasingly disturbing indebtedness of the developing countries.

In addition to the measures for alleviating the public debt which have already been adopted and should rapidly be brought into wider use for the benefit of the poorest countries, a new framework for the future rescheduling of the debts of the developing countries should be devised.

In conjunction with debt rescheduling, and with respect to the transfer of real resources, the Committee of the Whole of the General Assembly has unanimously expressed the view that the Conference, at its fifth session, had an obligation to make significant progress on all aspects of the question by taking decisions implementing practical measures. Over and above such measures there is a need to study the ways and means of effecting a massive transfer of resources to the countries of the third world so as to give a decisive impetus to their development, while at the same time contributing to non-inflationary growth of the world economy.

All these measures are, however, limited to the short term. We must now convince ourselves of the urgent need for structural action in order to eliminate the very causes of imbalances through genuine reform of the international monetary system. Such a reform has already been adopted in principle but has not yet been put into practice.

The fundamental objective of the reform must be to provide a basis for the genuine democratization of the

decision-making process. Moreover, it must promote trade and development through the creation and equitable distribution of the necessary liquidity and through the elimination of the role of reserve currencies played by certain dominating currencies.

We feel that one of the most appropriate solutions would be to set up a system in which SDRs were the major international reserve asset. They would be allocated no longer solely on the basis of the contributions paid into IMF but also in the light of development needs.

This is what the third world has been calling for constantly for several years now.

Legislative procedures are often invoked by the developed countries to justify their inability to provide aid on a continuous and foreseeable basis. Would not the link between SDRs and development be an opportunity for shielding the transfer of resources from such hazards?

The transfer of resources on favourable terms concerns all the developing countries but should be applied on a priority basis to the poorest of those countries. Through President Boumediene, Algeria solemnly proposed to the General Assembly at its sixth special session a special two-stage programme for the benefit of those countries. It fully maintains that proposal, which comprises, first, a highly accelerated programme intended to offset the most serious deficits, and second, an expanded programme for the 1980s intended to establish the most favourable conditions for development in those countries.

In any case we hope that at the present Conference real progress will be made on the question of the transfer of resources in the widest sense, as anticipated by the Committee of the Whole. In the past this has been the favourite target in what has been termed the "forum game", by means of which decisions may be postponed indefinitely through the use of the institutional alibi.

The developing countries are aware of their responsibilities to ensure the progress of their peoples.

The Arusha Declaration reaffirms this desire for self-reliance in particular, both at the national level and within the framework of the collective autonomy of the third world countries, a desire which is recognized as the prerequisite for any genuine development policy within independence. Before it can materialize, this desire to strengthen co-operation between developing countries requires a number of facilities that will promote the necessary priority action.

In the immediate future, and without prejudice to any other measures that the developing countries may take, UNCTAD should be authorized to lend its support to measures on these lines. The developed countries' endorsement of the principle of collective autonomy would be no more than formal if they did not realize what practical results were required and especially if

they opposed such procedures in the name of universality.

Care should nevertheless be taken to avert any possibility that this idea, so full of promise for co-operation between the developing countries, may be invoked to divert the North-South dialogue from its primary objective, which continues to be the realignment of relations between what remains the centre and the periphery.

In the copious documentation submitted by the UNCTAD secretariat and in the statements made from this platform by the representatives of the developing countries, full account has been taken of the seriousness of the problems facing the third world. Is it not then astonishing to hear most of the representatives of the industrialized countries expressing satisfaction in this very debate about what they consider to be a rapid improvement in the economic situation of our countries?

Does this not rather mean that certain circles have not stopped trying by means of constant repetition to adorn manifest untruths with the finery of scientific exactitude? The tendentious statements about the role of OPEC in the present world economic situation seem to be part of what threatens to become a veritable ideological offensive against the South, designed to sow discord in our ranks. Once the energy question is isolated from the rest of the North-South dialogue, once the major oil producers have been welcomed into the rich countries' club as second-zone partners, the non-oil-producing developing countries, bereft on their main bargaining counter, will be forced into a deal in which the strongest will win. From the outset the discussion is distorted because analysis of the world economic situation and the policies to be adopted in the light of that situation are purposely merged. The Conference must clearly separate analysis and policies and thus enable us to tackle the facts of the situation more objectively and to concentrate our attention on the harmonization of clearly stated policies.

The new international economic order cannot be brought into being while the peoples who continue to suffer under the yoke of colonialism and domination in various regions of Africa, the Middle East and elsewhere have still not recovered their inalienable rights to self-determination and independence.

We forcefully reaffirm our attachment to these basic principles which, if they are not implemented, cannot give rise to a genuine restructuring of the world. This restructuring which we are discussing at this fifth session of the Conference is to the new international economic order what the Palestinian people is to peace in the Middle East, namely, the most basic element.

That is why I express the hope that this Conference will not end in an economic Camp David at the multilateral level. Like the political agreement of that name, such a result would certainly be rejected by the peoples whom we represent at this Conference.

**Statement made at the 160th plenary meeting, on 15 May 1979,  
by Mr. Roberto de Almeida, Minister for Commerce of Angola**

May I first of all convey to the people and the Government of the Republic of the Philippines friendly greetings from the people and the Government of the People's Republic of Angola, under the enlightened leadership of Comrade President Antonio Agostinho Neto, and thank them for the very warm welcome extended to our delegation in this beautiful city.

On behalf of the delegation which I have the honour to lead, I should also like to congratulate you, Mr. President, on your election to preside over the work of the fifth session of the United Nations Conference on Trade and Development and to wish you every success in carrying out your heavy responsibility.

This is the second time that the People's Republic of Angola has participated in the Conference since its liberation from Portuguese colonialism. Our presence here reflects the constant concern of the Angolan Government with regard to the major problems facing mankind and its earnest desire to contribute to international efforts to solve them.

You will not be unaware that, after being subjected to five centuries of ferocious and bloody colonization, Angola, on becoming independent in 1975, had a population which was more than 80 per cent illiterate, a shattered and underdeveloped social and economic structure and a glaring disparity in levels of living.

This state of affairs led the MPLA-Labour Party, the sole political and social guiding force of the Angolan nation, with Comrade President Antonio Agostinho Neto at its head, to carry out immediate and radical changes in the colonial structures in pursuance of the non-capitalist path to development. The People's Republic of Angola has both the right and the duty to determine its own future and, making sovereign use of this right, it has chosen the socialist path to development.

However, this also obliges it to assume certain responsibilities within the international community. As an African country, the People's Republic of Angola seeks good-neighbourly relations with adjacent countries and intends to make every effort to broaden its relations with all African countries, in the spirit of the Charter of OAU.

Angola co-operates with the socialist countries and has excellent friendly relations with them. It is actively engaged in furthering co-operation with developing countries on the basis of the principles of mutual respect, sovereignty and territorial integrity, equality, non-interference in internal affairs and mutual advantage.

Unfortunately, the efforts made by the people and the Government of Angola to establish the technical and material bases of socialism and to maintain peace in their part of the African continent are constantly hampered by the systematic aggression perpetrated by the racist, colonialist regime of South Africa. Since the people's armed liberation forces of Angola exposed the

myth of the invincibility of the South African racist army in 1976, the Pretoria regime has been desperately attempting to halt the march of the peoples of Namibia and South Africa towards total liberation.

Lately, the racist, colonialist regime in Pretoria has systematically committed odious and criminal acts against the peaceful population of southern Angola, using every aerial weapon at its disposal. The Angolan people, as one man, has made an uncompromising response to the barbarous acts committed by a system which is on the verge of extinction. Angola is giving and will continue to give material and moral support to the just struggle of the peoples of Namibia, Zimbabwe and South Africa.

The fifth session of the Conference is being held at a time when the peoples of the world are expressing with increasing determination their desire to end the old international economic order. This expression of concern by the peoples of the world is a reflection of reality, since an analysis of the structures of the present economic order shows that the historic mission of the capitalist system has come to an end, that it is no longer in the mainstream of development of human society.

What is involved here is the very mechanism of the capitalist economy, which is the source of the inequality in the economic development of nations, of poverty and misery in the world, of the imbalance of international trade, of the crisis of the international monetary system, of anarchy in production, of the breakdown of social structures, of inflation and soaring unemployment, of juvenile delinquency, of military conflict and tension and, in general, of all the ills from which human society is currently suffering.

The establishment of a new economic order should ensure equal participation by all countries in resolving world economic problems and the right of every country to exercise full sovereignty over its natural resources and all its economic activities, within the framework of international co-operation.

The implementation of these principles necessarily implies the right of each State to nationalize its natural resources and enterprises, the establishment or strengthening of associations of developing countries producing and exporting raw materials and the regulation and control of the activities of transnational corporations.

One of the principles of the Charter of Algiers, a principle subsequently adopted by the United Nations and included in the International Development Strategy for the Second United Nations Development Decade, reminds us that the developing countries have the primary responsibility for their own development. This means that aid can be envisaged only within the framework of the policy laid down by each State.

The establishment of a new international economic order ought to be beneficial in every respect for the



developing countries, and particularly for the People's Republic of Angola.

An examination of the progress made in implementing the resolutions adopted at the fourth session of the Conference, held at Nairobi in 1976, leads us to conclude that, in general, the results have not been commensurate with the efforts made.

During the last four years, the situation of the developing countries has hardly changed and, in fact, has become a new source of grave concern. Not only is there a risk that progress towards the solution of problems that have long troubled the developing countries will be hampered, but the basic problems themselves have been exacerbated by many phenomena which have emerged in recent years.

In the field of international trade, for example, new features are evident in international trade policy, in particular, the proliferation of restrictive trade measures adopted by developed capitalist countries. New procedures to limit imports have been established, and more subtle methods such as voluntary restrictions on exports, minimum price agreements and trigger price mechanisms have also been used.

With regard to the Integrated Programme for Commodities, although some slight progress has been made, especially in negotiations for the Common Fund, the situation regarding improvement of the market structures of developed countries and unstable prices has remained virtually unchanged. Furthermore, in general, progress in implementing international commodity agreements and concluding new agreements has been very slow.

As regards manufactures and semi-manufactures, there are still many trade restrictions on imports of manufactures from developing countries. Although the GSP is one of the most important achievements of UNCTAD in the area of trade in manufactures, it nevertheless includes limitations and exceptions concerning exports of special interest to developing countries.

It is a well-known fact that the monetary system set up at Bretton Woods, which collapsed in 1971 and continues to have a profound effect on the economies of the developing countries, not only did not meet the real development needs of these countries, but also constituted the principal means whereby developed capitalist countries wholly controlled the trade of developing countries, limited their reserves and international liquidity, thus hindering the normal transfer of technology, and, finally, obtained fabulous profits for their transnational corporations. At Bretton Woods, the United States dollar and other so-called "hard" currencies were proclaimed to be the sole reserve currencies and the sole currencies for international payments and financing; none of the developing countries' currencies had any place in this system.

As regards the present concern to replace the obsolete system by the so-called SDRs said to be capable of resolving international reserve, payment and financing problems, our delegation is extremely pessimistic concerning the real guarantees that such a system could offer developing countries since it, too, distinguishes between reserve-currency and non-reserve-currency countries.

Our delegation welcomes the present decisions of IMF regarding the increase of quotas, the establishment of supplementary financing facilities and the new allocation of SDRs.

Nevertheless, our delegation considers that such measures do not constitute concrete and durable solutions to the true problems. Above all, our delegation is concerned by the causes of these problems, the essence and operating mechanism of the monetary system as a whole. Until such time as a monetary system consistent with the interests of developing countries is devised and introduced, the serious consequences of the chaotic monetary movements resulting from the present system will continue to affect the economies of developing countries.

It is disheartening to note that negotiations within the Intergovernmental Group of Experts on an International Code of Conduct on Transfer of Technology have not as yet led to the adoption of such a code. The approach consistently taken by the developed capitalist countries in these negotiations proves that they are far from ready to abandon the *status quo*.

It would take too long to analyse all the progress made in every field dealt with in the resolutions adopted at the fourth session of the Conference held at Nairobi. As I have already stated, the progress achieved has not been commensurate with the efforts made.

Allow me, however, to express our appreciation to the Group of 77, the socialist countries and the countries of northern Europe for the efforts made during the last four years.

We also wish to express our appreciation to the Secretary-General of UNCTAD, the Executive Secretary of ECA and the representatives of other organizations within the United Nations system for their contributions towards resolving the major problems facing mankind, and particularly developing countries.

Our country strongly supports the Arusha Programme for Collective Self-Reliance, recently adopted by the Group of 77, and considers that the recommendations included in this document constitute a satisfactory and realistic framework for the equitable solution of these problems.

The struggle goes on.

Victory is assured.

**Statement made at the 149th plenary meeting, on 9 May 1979,  
by Mr. Alejandro Estrada, Secretary of State, Ministry of Commerce  
and International Economic Relations of Argentina**

Argentina comes to this Conference convinced that positive understanding among nations can best be achieved through a dialogue on the major problems of international trade and economic development.

The Argentine Government considers it appropriate to express at this fifth session of the United Nations Conference on Trade and Development some of its concerns with regard to developments in international trade and particularly the resurgence of protectionism. It may be said that there has been virtually no international meeting on economic problems in recent years at which this problem has not been the subject of anxious reflection.

Protectionism versus freer international trade—the question has been debated throughout the world for many centuries now. If there has been agreement, transcending ideologies, that freer trade produces greater economic advantages for the international community, national policies have from time to time clashed with such convictions.

The principle that more trade produces greater advantages than restricted trade has been demonstrated not only in the academic world but also by historical experience—the experience of the relatively less developed countries as well as that of the developed countries. The advantages of international trade as a generator of economic growth have been proved on a universal scale.

The development of communications, with the resultant shrinking of distances in economic terms and the improved knowledge of markets, has created a more suitable framework for international trade.

Nevertheless, and despite this positive experience, practices running counter to international trade expansion surface from time to time.

The post-war growth in external trade was based on a reduction of tariff and non-tariff barriers in certain areas; this led to higher rates of economic growth than in the past, to the benefit of the countries which implemented such policies.

However, since the beginning of the present decade and particularly since 1973-1975, when the world economy entered into a sharp recession, protectionist pressures have increased appreciably, displaying certain special features. The first was that the protectionism of the industrialized countries, which had previously been concentrated on primary products and commodities, was now extended to the industrial goods which developing countries had been encouraged to produce and bring on to the world market.

The second feature was that schemes and measures which had previously been used as palliatives to cope with short-term problems and in conformity with GATT rules have gradually been systematized into mechanisms designed to consolidate this new protectionism in an effort to deal with the internal crises of industrialized countries.

This so-called new protectionism which we are witnessing has the novelty of being non-tariff in nature, but its effects are equally negative. Levies, quotas, "voluntary restrictions on exports", import licences, minimum prices, health regulations, countervailing duties, safeguards—these are some of the means used to cover up highly protectionist national policies.

The new protectionism affects the international community as a whole, but those areas where equipment and modernization are absolutely essential for economic growth are particularly hard hit. Nevertheless, certain countries, in an attempt to solve short-term sectoral problems, resort to the approach of restricting their external trade, thus jeopardizing their own economic prospects over the medium term and hampering the modernization efforts of the less developed countries in the immediate future.

The fact is that protectionism does not really resolve the underlying problems of the sector which it is sought to protect and at the same time makes it even more difficult to achieve long-term solutions. Argentina believes that the solution to sectoral problems must be sought by means related to medium-term and long-term objectives, in other words by the restructuring of the sectors in crisis.

The immediate effect of a protectionist measure, whether it is of a tariff or non-tariff nature, is to increase the price of the protected product in the market of the importing country. This may benefit the protected sector, but this additional cost of protectionism is ultimately borne by the economy as a whole, either through higher prices for the consumer or through the loss of income and new employment opportunities in more efficient industries.

Governments have used a number of arguments to justify the adoption of protectionist measures while at the same time proclaiming and reiterating their attachment to an open economy. We recognize that protectionism is a complex phenomenon and that the interaction of economic and social factors can result in the adoption of measures to cope with immediate pressures.

It is paradoxical that while in international forums calls are made for greater rationality in the allocation of resources, the access of exportable products is impeded on the pretext of safeguarding levels of employment and profits in certain areas of activity.

We do not deny the efforts which each country must make to allocate its investments more efficiently, and we ourselves are involved in this process, but we object to policies which mean that the ground rules are not observed by the international community as a whole, and more especially by the areas with a higher level of economic development.

We are now nearing the end of the GATT round of trade negotiations and Argentina has initialled the document resulting from the negotiations and the text of



most of the multilateral instruments so far completed as a proof of its willingness to seek, until the very end of those negotiations, results which are consistent with the objectives agreed upon in the Tokyo Declaration.

History has shown that protectionism widens the gap between the standards of living of the different countries and, in absolute terms, has a greater impact on countries which are endeavouring to establish themselves in the international economy than on those which are already in a strong position.

We understand the short-term problems—these have always existed and will continue to do so; however, we reject protectionism as a solution to such current problems. It leads into a blind alley and is difficult to reverse. Protectionism generates more protectionism and this cumulative process weakens the economic growth of the whole international community.

Basically, this new protectionism attempts to subsidize certain domestic products at the expense of others in the very countries which owe most to freer trade. The results of this attitude are clear: in the short run, reduction of the earnings of the exporting countries and, in the medium and long term, restriction of the overall economic growth of the areas which it is decided to protect.

This lack of economic rationality is on many occasions a reflection of the absence of the political will needed to transform internal economic structures rather than of an ideological attitude or a deliberate technique.

Experience tells us that reason has often failed to prevail over emotions. We also know from experience that short-term expediency can prevail over structural considerations.

To sum up, this new protectionism seems to be the consequence of a lack of political will to strike a balance between the interests of society as a whole and the interests of particular sectors. There can be no economic growth over the long term if each sector wishes not only to maintain but to increase its income independently of its relative productivity. This ultimately generates stagnation and inflation. The continued spread of protectionist attitudes would result in a grave crisis—more grave, indeed, than the crises of the past, because in the final analysis it would be caused by the political incapacity to strike that balance.

This conflict between what is possible and sectoral aspirations is perhaps the principal cause of inflation and stagnation in certain economies. Protectionism then becomes another instrument by which certain sectors impose themselves on others, thereby contributing to stagnation and inflation.

Argentina will strive to bring a greater rationality to international economic relations, for otherwise the entire international community and hence our own interests will suffer.

We believe that the time has come for the countries that have been harmed by the protectionism of the more developed areas to begin to reflect with all seriousness on the genuine alternatives available to them. It would be absurd for the majority of the world's population to respond to this incipient protectionism by following the

same course. This would only lead to a further deterioration of the situation of each of our countries.

On the contrary, the right attitude to take is to increase trade between the countries which account for the bulk of the world's population. We should consider whether the time has not come for the countries affected to attempt to open up their economies to each other.

Without advocating bilateralism in regard to the system of payments, we should ask ourselves whether the time has not come to carry out negotiations aimed at expanding trade between countries which are close to one another, "close" not only in terms of physical distance but also as regards their community of interests.

For while it is true that there is a group of countries whose actions affect the international economy, it is also true that there is a very great deal to be done to promote freer trade among the less developed countries.

Each country must weigh the alternatives realistically and rationally. In steering our course, we should not adopt the irrational attitudes of a few or limit ourselves to stating our legitimate claims regarding these matters.

We have to look for our own national solutions and seek our own agreements so as to achieve a more open economy between those who are closest together. This forms part of what we understand by economic and technical co-operation among developing countries; in this connection, the results achieved at the Conference on Technical Co-operation among Developing Countries held at Buenos Aires in August-September 1978 marked a major step forward. The implementation of this concept, beginning at the regional level, is now a pressing responsibility to the entire international community.

Not only is there an imperative and urgent need for the opening and expansion of markets for the developing countries, but our countries must also be assured of access to all forms of technology, including the most advanced.

It is necessary to create and maintain the conditions for a constant and growing flow of technology to be transferred.

Finally, we would like to raise at this Conference another matter to which we attach the utmost importance, namely, extreme poverty.

All of us here have had the experience of witnessing in certain areas the devastating reality of extreme poverty. By this term we are not referring to relative problems but to extreme situations in absolute terms. We are referring to those people who, today as yesterday, do not have the possibility of living in conditions fit for human beings.

We refer to our brothers in this world who are deprived of the nutrition and the access to health care needed to sustain a minimum level of physical and mental activity.

Experience shows us that extreme poverty has not yet been eliminated. Economic growth has made the problem less serious today than in the past, and we welcome this progress. However, hunger still persists, as does the resultant decline in mental capacity.

There have been a number of programmes designed to solve these problems, and we all want to see this situation rectified.

I believe this is an appropriate occasion to emphasize that this problem cannot be solved purely through market mechanisms and economic rationality. It seems to us, and this has been the experience at the national level, that this extreme poverty also calls for solidarity and munificence.

My country, like many others, has contributed food aid and technical assistance to alleviate some of the most distressing situations.

It is time for our countries, working together in the search for solutions, to bring about the speedy elimination of what I have termed "extreme poverty".

To sum up, my country firmly believes that restrictions on international trade are one of the most serious threats to international economic progress, particularly

for developing countries. For that reason, we support dialogue as a means of changing the attitude of those who favour such measures as well as all actions conducive to the expansion of trade. Particularly agreements between those countries which, as we have put it, are closest together relating not only to trade but also to such matters as transfer of technology and transport.

Finally, as far as the most urgent problems are concerned, we believe that the problem of extreme poverty must be solved by means of a sounder evaluation of national and international priorities.

In concluding this brief statement, I should like to express our gratitude to the Government of the Philippines for its tremendous efforts in organizing this Conference and for the cordial welcome and attention constantly lavished on the participants by the authorities and the people of this country.

**Statement made at the 150th plenary meeting, on 9 May 1979,  
by Mr. J. Malcolm Fraser, Prime Minister of Australia**

Mr. President, on behalf of the Australian delegation, it gives me pleasure to congratulate you on your election for this session of the United Nations Conference on Trade and Development. It reflects both your personal merit and the standing and reputation of your country.

I would also like to express my thanks to Mr. Gamani Corea and the UNCTAD secretariat for their work in preparing for this Conference and, in anticipation, for the assistance we will all receive in the coming weeks. Further, my delegation wishes to associate itself with others in expressing to the Philippine Government and people its warm appreciation of the excellent arrangements which have been made for this Conference in these very fine surroundings, and for the most generous hospitality we have received.

It is a matter of special satisfaction for me to be present at this session of the Conference in the Philippines, a country with which Australia has close regional ties and which has in recent years made rapid progress in a wide range of endeavours, under the purposeful leadership of its President.

This Conference meets at the end of what has been a troubled decade for the world economy, a decade characterized by high inflation, high unemployment and, as a consequence, a dangerous drift to protectionism—a decade which has also seen a great deal of acrimony and friction between developing and developed countries, causing alarm in some and disillusionment and cynicism in others.

As we come together at such a time, I believe it is essential that we come armed with a sense of historical perspective, so that we can see these recent events in their proper context and proportion. But while the last few years have been difficult ones, it is as well to remember that the last three decades have been ones of unprecedented growth and prosperity for the world

economy. In the aggregate, both developing and developed countries have participated in and benefited enormously from this growth.

But the aggregate figures hide the fact that there remain areas of great human need, and that there are countries which have hardly participated in the general advance. The scope of the gains made is indicated by the fact that, despite the economic stagnation and slow growth which some countries unfortunately experienced, the average *per capita* incomes of developing countries more than doubled in real terms over this 30-year period.

Indeed, the reason why the last few years have seemed as bad as they have is largely because they stand in such sharp contrast to the immediately preceding period. For a quarter of a century the system worked so well that all our expectations—our sense of what was normal—rose very rapidly. During this period, it was not just the peoples of developing countries, but those of developed countries who experienced a "revolution of rising expectations" and a consequent impatience with any performance which did not meet those expectations, even if by historical standards it was very respectable.

Despite the confrontationist atmosphere which built up in the years 1974-1975 and which continued to prevail to some extent after that, in historical perspective the decade clearly stands out as one in which real progress was made in the North-South dialogue. It is worth remembering that the term "North-South dialogue" only gained currency during this period.

Ten years ago there was really little in the way of sustained, serious economic discussion between developed and developing countries to which such a label could be attached. Five years ago the dialogue was strained and tense. On both sides there was little evidence of empathy and much of rigidity and self-righteousness.

To a disturbing extent we were attempting to deal with very complex issues using the blunt instruments of dogma, and on the assumption that they could be dealt with in simple terms of two undifferentiated "sides".

We have not resolved all our problems, far from it. And it is entirely possible that if we do not consolidate and build on our gains the atmosphere may again deteriorate. That is the main theme of what I have to say. I believe that the friction and polemics of the mid-1970s were in a real sense evidence that the two groups of countries were going through the painful process of learning how to speak and deal with each other, and discovering what was productive and counter-productive, acceptable and unacceptable in their dealings.

If there is less drama and rhetoric today, it is largely because certain things have been learnt by both developed and developing countries. In particular, I believe that most of us have learnt that moderation and compromise are not treason to a cause, but a necessary condition for accommodation and progress.

Over the last three years my Government has proceeded on the assumption that it is essential that countries move away from and break down rigid, fixed positions. We have sought to give an example. We have worked to strengthen the middle ground and to build consensus.

We have done so not only over the issue of the Common Fund, on which we took up a stance well in advance of the Group B position, but also in Commonwealth and regional meetings and indeed wherever we have been able to inject an influence. Nothing illustrates the progress which has been made better than the history of UNCTAD itself.

When it was created 15 years ago, on the initiative of the developing countries, it was received with considerable indifference and scepticism. Today we are in a position to take a more balanced view. The institutionalization of economic demands of the developing countries which took place in UNCTAD concentrated, and therefore dramatized, the conflict between national interests.

From the point of view of the developing countries this was a necessary step—those who are fighting to have their cause recognized must dramatize it. But at the same time, it is clear that UNCTAD has been important in helping to provide a framework, hitherto lacking, for the clarification and resolution of those conflicts through co-operation and compromise, that is, for constructive dialogue. Such a forum is indispensable: if it did not exist, it would have to be invented immediately. Nevertheless UNCTAD has shown that its utility extends beyond this, that it has the capacity to be an instrument for initiating the negotiation of significant changes, of policies and structures, within the existing international system; and a system which cannot accommodate change cannot survive.

A major achievement on the part of UNCTAD has been agreement on the fundamental elements of the Common Fund. The progress towards the establishment of the Common Fund follows complex and protracted negotiations between developed and developing coun-

tries. The agreement is important not only because it provides hope for commodity exporters that they may have a more stable economic future, but because it gives evidence of a growing willingness on the part of countries to approach the problems of trade and development in a proper spirit: that is, with the aim of achieving practical solutions to the problems of the global economy.

Australia has taken an active role in these negotiations because, as a commodity producer and exporter ourselves, we understand the problems faced by developing country producers and the beneficial role the Common Fund can play. Our history gives us that understanding. While our trade has now greatly diversified, there was a time when we too depended on two or three commodities whose prices fluctuated enormously. We can remember—we can sympathize with the plight of countries in that position.

Accordingly, at the Commonwealth and other forums, and at informal discussions such as that which several Heads of Government held in Jamaica a few months ago on the initiative of Prime Minister Manley, I have sought to make other Governments aware at the highest political level of the importance Australia attaches to the Common Fund issue. As of now, the Common Fund is far from being a reality.

There is much more work to be done, there are more initiatives to be taken. In proceeding, it is imperative that we do not retrace the sterile ground of past debates. The Interim Committee of the United Nations Negotiating Conference on a Common Fund under the Integrated Programme for Commodities, when it meets, must be prepared to produce agreement on all outstanding issues. Some of these are technically complex and detailed technical preparation will be needed to assist the Interim Committee in arriving at decisions. I see advantage in the assembling of a group of technical experts as soon as possible. Such groups have proved useful in the past and I believe we should utilize them again. We would lend our support and our own expertise to such a group if that was wanted.

Governments have also to consider their position with respect to funding for the Common Fund. Australia will of course be fully supporting the first window's operations, and the sooner proportions of contributions are settled between countries the better it will be. Australia's view has been, and is, that there should be a viable second window; we will make an effective contribution to it. We believe that those prepared to support the second window would do much to guarantee its success if they could agree on a formula for contributions to it. Again, our support for a second window is firmly based in our own history—we know from experience that such support as adequate research and effective promotion can be crucial to the success of a commodity agreement. We urge all other Governments with a capacity to do so to adopt a similar approach to the second window.

Experience indicates that those funds which have an established burden-sharing pattern for voluntary contributions tend to be successful, whereas those which simply make a plenary appeal for pledges often tend to attract little support. We therefore strongly support the

adoption by donors of an arrangement which would ensure that the second window is adequately and equitably financed.

At its fourth session, held at Nairobi three years ago, the Conference adopted a key resolution establishing the Integrated Programme for Commodities with a Common Fund as a central principle of it. But while there is now agreement on the basic principles of a Common Fund, progress in respect of the Integrated Programme has been minimal.

Leaving aside sugar, where negotiations were under way before the Integrated Programme was agreed upon, not a single agreement has been concluded. This truly is a disturbing situation. Producing and consuming countries with an interest in the relevant trade should be prepared to co-operate in working out practical and viable stabilization arrangements for appropriate commodities. Yet what we have in fact is a situation in which some of the most powerful of the developed countries refuse to join fully in key commodity arrangements.

It is a matter for concern and regret that EEC has not been prepared to join the International Sugar Agreement and, further, that it has used massive export subsidies to frustrate the operation of the Agreement. The United States of America has also been unable to participate fully in the Sugar Agreement because of domestic political restraints, though, in this instance, the United States Government has indicated its willingness to join and in the mean time, to the extent possible, is conforming with the disciplines of the arrangement.

The result of this limited participation in commodity arrangements is doubly unfortunate. On the one hand, it becomes more difficult to achieve the objective, which is in the interests of both producers and consumers, of stabilization of prices on international markets. On the other, the future of the Common Fund as an effective mechanism is put in doubt.

In this second respect, if developed countries are serious, if they are to avoid the charge of inconsistency and even of hypocrisy, they must join and agree to participate financially in all viable commodity arrangements where they have an interest in the trade. They must be prepared to participate actively in work on the other elements of the Integrated Programme for Commodities. Otherwise, it will be difficult to see their agreement to the establishment of the Fund as other than an empty and rather cynical gesture.

I now turn to one of the main themes of this important meeting, that of the interdependence of North and South, and the need for a greater accommodation of developing countries within the global economy. In the context of UNCTAD, "interdependence" has become something of a term of art. But it has a life beyond that. It has, in fact, become a standard part of the rhetoric of the 1970s. In this general sense, the term, and some of the claims attached to it, deserve closer scrutiny than they sometimes get. We should remember that, in itself, interdependence does not guarantee a harmony of interest. It is not irrelevant, for example, to recall that the countries of Europe had achieved an unprecedented level of interdependence at the beginning of this cen-

tury, but that this did not prevent them from engaging in the most devastating wars.

Again, it should be borne in mind that the existence of a substantial degree of interdependence does not in itself ensure that the benefits flowing from it are evenly distributed and, as we all know, economic disputes are often about questions of distribution. It is important that we do not delude ourselves about the situation we are in. There is a considerable—and perhaps an unprecedented—degree of interdependence among the countries of the world today. But that interdependence is not something to rest on—it is something to build on: Australia believes that we must build on it by further reducing restrictions on trade and capital flows. To do this requires a political will to co-operate and to think in terms of mutual interest; unless and until we do that the proper accommodation of developing countries within the global economic system will remain part of the problem rather than of the solution.

Against this background, I want to suggest that the international economic system, and the long-term welfare of all the participants in it, depend on successfully meeting two fundamental challenges which now face it: the challenge of inflation and the challenge of increased protectionism in all its forms.

I want to lay particular emphasis today on the overriding importance of overcoming inflation. Its destructive effects can hardly be exaggerated. It is an acid that eats away at the social fabric of nations. It undermines both confidence in Governments and the confidence of Governments. It causes unemployment by reducing profitability and increasing uncertainty. It leads to disorderly exchange rate conditions and increases pressure for forms of intervention which inhibit market forces in general and world trade in particular.

We cannot overlook the conjunction between the increased rates of inflation since 1973 and the fact that the volume of world trade grew at only 4 per cent per annum between 1973 and 1978, compared with 8 per cent over the previous 20 years. This one fact alone underscores the reason why the world's economies are in difficulty. Until the challenge posed by inflation is met, we shall not experience a return to the economic growth rates which developed countries achieved prior to 1973 and which underpinned the great progress which was made in liberalizing trade and payments up to that time.

As developed countries provide about 70 per cent of the market for the exports of developing countries, and as the volume of capital flows to the latter is linked to demand for their exports, this is a matter of the utmost importance for developing as well as developed countries.

Given these linkages, it is evident that developed countries could make a significant contribution to faster economic growth in developing countries if they adopted policies to overcome inflation. But this is not the end of the matter. It is not simply a question of the effects of inflation on aggregate demand. High inflation rates are also one of the root causes of the drift towards protectionism. They have created distortions in our economies which some Governments, responding to strong internal pressures, have sought to correct

through resort to various protective measures to shield industries and employment from outside competition.

These protectionist pressures must be resisted. If they are not, they will put the future growth of developing countries in jeopardy. They will make a mockery of talk of "interdependence" and of claims that the best prospect for developing countries lies in working within the existing system. If the reward for success is to be punishment by means of new protectionist devices, by means of "selective safeguards", by the abandonment of the MFN clause, which in recent decades has been the only real protection for middle-ranking and less powerful countries, then what credence will such claims have? What incentives will there be to succeed? It will demonstrate that the economic principles by which the established countries have professed to live apply only to those who have arrived—not to those who are on their way.

I can think of nothing which would lead to greater bitterness and disillusionment among developing countries, and which would do more to strengthen the case of those who argue for extreme policies, than the systematic frustration of their access to developed country markets by resort to a variety of protectionist devices. But beyond that, even in terms of cold-blooded self-interest, such devices are short-sighted and self-defeating. They deny the basic truth that the success of the existing system, a system which has allowed enormous progress to be made in the recent past, depends essentially on the growth of mutual trade and on maintaining the conditions which allow and encourage that growth.

The recent multilateral trade negotiations, if disappointing in some aspects, helped to hold the line and to prevent a further deterioration in the situation. They made some welcome progress in reducing traditional barriers to international trade. But most of us know to our cost that these traditional barriers have, in many cases, been replaced and supplemented in recent years by other forms of protection, by quotas and market-sharing arrangements, and by more subtle and covert forms such as job and export subsidies on a huge scale. What we must do now is to look beyond those negotiations towards the reduction of barriers of all sorts to the freer flow of goods. It is of vital importance to the efficient and equitable working of the international economic system that we ensure the continuation of efforts to liberalize trade in the period following the multilateral trade negotiations. Much remains to be done, particularly in the area of non-tariff barriers. This is a matter in which all can play a part, working together to achieve mutual benefit. It is a challenge which we would ignore at our peril.

As we meet here in Manila we do so knowing that shortly there will be a much smaller meeting at another place, that the major developed countries of the world will meet in an economic summit in Tokyo. We also know that, although the great majority of us will not be represented and will not even know much of what transpires, what will be decided there could be of great significance to the issues which concern us. There is therefore a great burden of responsibility on those countries that will meet in Tokyo, for it is their

management—or mismanagement—of their own economies and the effects of that on the international system that is decisive. Indeed, the holding of the periodic summit meetings acknowledges the responsibility which resides with them because of the dominant size of their economies.

I believe that this Conference should therefore call on the major industrialized countries in the most forthright terms to adopt policies to bring inflation under control. They should do so in their own interests and in the interests of the rest of the world. We should call on them to resist the temptation to evade their long-term responsibilities to their own constituencies, and to the wider world, by surrendering to the pressure for protectionism.

Beyond this, I believe that the individual Governments of developed countries should be prepared to allow increased market access for imports from developing countries. Indeed, Australia has been doing this very effectively for over a decade. During this period the percentage of our total imports coming from developing countries has nearly doubled. In recent years the rate of increase has been nearly 35 per cent per annum.

We have taken positive measures to encourage this trend. We were the first developed country to introduce a developing country tariff preference scheme. More recently we have set up a market advisory service and held trade promotion seminars to help developing countries who wish to trade with us.

But there are obvious limitations to what a middle-ranking country—nearly half of whose exports suffer from the protectionism of others—can do on its own. Such a country finds in practice that tackling protectionism unilaterally must be a slow and difficult process. That is why we look to the major trading countries, with the tremendous weight they carry in international trade, to respond effectively to the needs of developing nations.

Australia attaches special importance to this Conference because it is taking place here in the Philippines, one of Australia's neighbours, a member of the ASEAN group and a representative of regions—South-East Asia and East Asia—which are both close to my country and among the most economically dynamic in the world. Our host country is an example, and there are others, to remind us that UNCTAD need not approach its formidable agenda in any spirit of despair. Indeed, it should serve the opportunities that are so manifestly there.

The striking success of some countries in promoting development must not of course, induce any form of complacency or lack of awareness of what needs to be done. Some other countries have had to overcome great obstacles in order to make even the most modest steps forward and some have even found the obstacles too great to make any advance. It is a matter of grave concern that progress has been so uneven and that a significant part of the developing world has participated to only a very limited extent in the economic progress of the past 30 years.

The success of this region, however, is important, both in its own right and because it is indicative of what is happening, and can happen, in the third world. It is well known that some developing countries have sustained better growth rates than any developed countries through the 1970s.

Both developed and developing countries, including my own, can take a lesson from the recent successes of the South-East Asian and East Asian countries. Of course, this success creates new challenges and opportunities as old economic partners are transformed and new competitors, suppliers and buyers appear. We are determined to face the challenge and seize the opportunity of adjusting to that performance and its implications. We hope that others will realize the fundamental importance of pursuing sound domestic economic policies and of creating an economic environment conducive to entrepreneurship.

At this Conference the whole range of factors involved in the development process will be considered: industrialization, technology transfer, finance, transport and commercial arrangements. In some instances it will be true that the most relevant repositories of recent experience for some of us here will not be the mature industrialized countries, but the newly industrializing countries—not the “MICs” but the “NICs”.

Until recently these countries were thought by most to face overwhelming economic difficulties. But they have achieved spectacular breakthroughs to rapid growth and, what is more, have sustained it in difficult circumstances.

Having mentioned the rapid growth of trade between the developing countries themselves, and the efforts that developed countries like my own are making to accommodate exports from the developing countries, it is appropriate to point out that the centrally planned economies—communist countries—have so far proved to be extremely poor markets for developing countries' exports of manufactures. In fact, the communist countries' share in developing countries' trade in manufactures declined in the period 1970-1976 from about 5 per cent to below 3 per cent. When this is set alongside the very low level of aid that the developing world receives from the communist countries, it is apparent that the latter are contributing little to help the development of the third world.

It is to be hoped that the role of the centrally planned economies increases in the next decade in a constructive and co-operative fashion. At present, what does most to sustain that hope is the courageous decision of the present leadership of the People's Republic of China to intensify economic relations with the rest of the world. The modernization of the Chinese economy attracts the closest interest in the countries of this region—including my own—and we trust that any impediments to its progress will be overcome.

The agenda of this Conference is so vast that it is impossible to cover all the items in a comparatively brief speech. I have had to concentrate on what I believe are the key issues, the ones that can unlock the doors to general progress. I do, however, want to say something about the question of aid.

It is essential that developed countries maintain, and where possible improve, their aid effort, for many countries which have so far not achieved significant growth are unfortunately going to need it for some time yet. I would put particular emphasis on the improvement of the quality of aid, and Australia has tried to set an example in this respect by giving nearly all its aid in grant form and by untying it.

Two things must be recognized. First, in the total picture, as the figures indicate, the role of aid can only be supplementary. Increasingly it is the right and the opportunity to trade that developing countries are demanding and their emphasis is right. It is through trade combined with sound domestic policies that they will achieve sustained growth. Secondly, in so far as aid continues to be important, it must be recognized that there is likely to be a close connection between the aid performance of developed countries and the general growth and prosperity of their economies. In this respect, the general thrust of my comments today has been very pertinent to the question of the prospects for aid.

The other area on which I would like to touch briefly in concluding is that of international monetary questions. We cannot overlook the detrimental effects of instability in the international monetary system on development efforts. I know that concern about this basic issue is shared by all participants in this Conference. It is important in this context that the distinctive role of IMF is clearly appreciated. While IMF does not provide development finance as such, the temporary financing it makes available gives countries time to adjust their policies to overcome balance-of-payments difficulties. This financing, and the pursuit of sound economic policies that go with it, are thus an important element in sustaining economic growth in both developed and developing countries. In approaching its task, the Fund needs, of course, to take account of the particular circumstances of individual countries. But beyond this, my Government accepts that the Fund's activities, and its resources, should be directed towards the achievement of the basic objectives of international monetary stability and growth and that questions of direct financing of development are best considered in the context of other international institutions designed for that purpose.

The task before this Conference is a formidable one and it is very important that we approach it in the right spirit. We will need to display moderation. Not the moderation of indifference or lack of conviction, but a principled moderation derived from an appreciation of the necessity for compromise and a true understanding of interdependence. We will need to display realism. We will need to display vision.

And lastly, and perhaps most importantly, we will need to display resolution—the resolution to control and shape events, rather than be controlled and shaped by them, the resolution to face formidable problems and the resolution to surmount those problems. With this dedication, with these qualities, I am confident that together we can make significant progress. We will at times have our differences. But if we are prepared to seek reconciliation and moderation we will advance our cause—and that is the cause of mankind.



**Statement made at the 147th plenary meeting, on 8 May 1979,  
by Mr. Georg Reisch, Ambassador Extraordinary and Plenipotentiary,  
Federal Ministry of Foreign Affairs of Austria**

Austria's Federal Minister for Foreign Affairs, who had planned to attend the fifth session of the United Nations Conference on Trade and Development personally, was to his great regret unable to come to this beautiful city because of general elections which took place only the day before yesterday. It is therefore my privilege to address this assembly.

We are delighted that the First Lady of our host country has graciously inaugurated this Conference, a personality known for her unique combination of charm, human warmth and statesmanship, displayed once again only recently during her official visit to Vienna.

President Ferdinand E. Marcos, in his inspiring keynote address, urged us to tackle the tremendous tasks before us in a spirit of co-operation rather than confrontation, keeping in mind the common interest of mankind as a whole. It is with this basic attitude, which I would venture to call the spirit of Manila, that my delegation approaches this Conference.

We are most fortunate to have in the person of General Carlos P. Romulo a President whose lifelong dedication to international co-operation, as highlighted by the Secretary-General of the United Nations, Mr. Kurt Waldheim, augurs well for a successful outcome of this important meeting.

Let me also express our gratitude to the Government and people of the Philippines, who have made such a tremendous effort in preparing for this Conference and whose warm and welcoming hospitality will render our stay a most pleasant and happy one.

The holding of this Conference in one of the capitals of ASEAN is in our view of particular significance and highlights the remarkable progress which the ASEAN region has been able to achieve on its way to peace and prosperity through far-sighted political and economic co-operation. We are firmly convinced that this fact will help the international community to meet its common responsibility for reaching agreement on comprehensive solutions to the manifold problems facing all nations, particularly the developing countries. Since the fourth session of the Conference, held at Nairobi, UNCTAD has continued to contribute significantly to the development process, and we share the belief of its Secretary-General, Mr. Gamani Corea, that the role UNCTAD will be called upon to play in the future will be increasingly important. My delegation would like to thank the Secretary-General of UNCTAD for his tireless efforts and his imagination, which constitute a major contribution to the achievement of UNCTAD as a forum for discussion and negotiation on major issues of the North-South dialogue.

At the end of this decade, the world economy is still in a far from satisfactory stage, characterized by grave problems of inflation, unemployment, monetary instability and structural adjustment in many industrialized countries and by the serious challenges which many

developing countries continue to face, particularly with respect to trade and finance, structural problems and large-scale poverty.

We are convinced that this situation calls for steadily increasing global economic and monetary co-operation and we are encouraged by the fact that the concept of global interdependence has become a permanent and prominent feature on the international agenda. We stress this fact not only because we feel that an equitable and just international economic order is essential for the development and prosperity particularly of the smaller members of the family of nations, but also for a more fundamental reason: just as we see no alternative to the process of détente between East and West, we consider a continued constructive dialogue between North and South to be a key element in our quest for peace, freedom and prosperity in the world at large.

The United Nations, and UNCTAD in particular, have assumed a major responsibility in this dialogue between developed and developing nations and especially for the preparations for a new international development strategy, which will doubtless require a great measure of imagination, far-sightedness and constructive realism on their part as well as on that of member countries. Austria stands ready to participate in this great endeavour with an open mind and we sincerely hope it will lead to tangible and positive results.

In this wider context, we would like to reiterate our conviction that the colossal waste of technical and human resources which mounting arms expenditure represents in a world of finite resources should finally be brought under control and that resources released in this manner should contribute to bridging the economic gap between developed and developing countries.

My Government is impressed by the efforts the Group of 77 has made in preparing for the fifth session of the Conference on the regional and global levels, efforts which have resulted in the Arusha Programme for Collective Self-reliance and Framework for Negotiations.

In our view, the Arusha Programme constitutes a central element of our deliberations and negotiations here in Manila and in the years to come. It has greatly helped us to focus our own preparations for the fifth session of the Conference on the aspirations of developing countries.

Let me now address myself briefly to some of the issues on our agenda to which my delegation attaches particular importance.

There is no doubt in our minds that the endeavours aimed at the maintenance and further development of an open world trading system should continue to be pursued energetically by all nations in the further evolution of their trade policies. The Austrian Federal Government has spared no efforts in working for a liberal system of international trade, in promoting positive structure adjustment and in resisting protectionist

pressures in spite of the difficult political choices involved. In this context it should be mentioned that our imports from developing countries have increased since the fourth session of the Conference by over 20 per cent, with increases in the field of manufactures and semi-manufactures reaching 30 per cent. This development has not taken place without repercussions in certain branches of our industry; in the textile industry in particular, the number of enterprises and employees has decreased by 25 per cent over the last five years. It goes without saying that this process of structural adjustment needs time and has to be handled with great care in order to avoid market disruptions and social hardships.

In our view, the recent results of the multilateral trade negotiations constitute a major step towards safeguarding the free flow of goods on the world market. We believe that the Tokyo Round will stimulate the further expansion of world trade to the benefit of all trading nations. In our opinion the different instruments elaborated in the course of the multilateral trade negotiations provide a sufficient amount of flexibility which would allow for an accommodation of the interests of developing countries. It will therefore depend on the implementation of these instruments, to what extent the interests of developing countries will be met. A final analysis which takes this aspect into consideration will show that all nations will derive more benefits from the Tokyo Round than a first stock-taking might suggest.

As regards the GSP, we have considerably improved the Austrian scheme by increasing as of 1 July 1977 the number of eligible products. This measure has been taken with a view to providing special benefits to least developed countries.

As to the rate of utilization of the Austrian scheme of generalized preferences, it is particularly satisfactory to note that the share of non-European preference-receiving countries is steadily increasing and has now already reached more than 50 per cent of total preferential imports. We sincerely hope that this trend will continue in the future. We are convinced that this development is a direct result of the valuable activities of the UNCTAD/UNDP project for assistance to developing countries for a fuller utilization of the GSP to which my country has rendered considerable support in recent years; Austria is prepared to continue this assistance.

As to the legal aspects of the GSP, Austria maintains the view that the autonomous nature should not be changed into a legally binding one. By maintaining a certain flexibility, preference-giving countries would be in a position to apply the GSP more liberally than in the framework of contractual obligations. Any extension of the product coverage would have to take into account the economic situation; a time-bound programme would not seem advisable to us in that context. The increased chances for market access provided also to preference-receiving countries as a result of the multilateral trade negotiations represent a meaningful counterbalance to the possible erosion of preferential margins.

Austria is ready to extend the GSP beyond the initial 10-year period, taking into account the economic situa-

tion of individual preference-receiving countries and their competitiveness at that time.

Many developing countries, especially the least developed among them, have shown great interest in the special treatment of their exports of handicraft products. Special legislation to this effect has been in force in Austria for more than four years. The advantages offered under this legislation are open to all developing countries, subject to the conclusion of bilateral agreements on certain administrative aspects. We are glad to report that the number of countries which have shown a concrete interest in this matter has already reached 30 and further negotiations are under way.

Commodity trade continues to be one of the major issues in international economic relations. Austria welcomes the fact that, after protracted negotiations, it has finally been possible to reach agreement on the essential elements of a Common Fund, including the important question of its financing. We consider this a major step towards the implementation of one of the most important resolutions of the Nairobi Conference and as a clear manifestation of the political will of all nations to achieve substantial progress in the North-South dialogue. Austria stands ready to participate in a constructive manner in the negotiations scheduled for 1979. In this context, I am happy to announce that the Austrian Government—in support of the proposed functions of the second window—has decided to make a voluntary contribution of \$2 million, which is commensurate to Austria's participation in international trade and in United Nations activities.

Progress concerning individual commodities has been less encouraging, but we hope that the momentum achieved in the Common Fund negotiations will also give new impetus to negotiations on individual commodities. The successful conclusion of the recent Conference establishing the text of the International Natural Rubber Agreement which is of special significance for the countries of this region, warrants a certain degree of optimism.

We have regretted the recent stalemate in the negotiations on a new grain and food aid convention. Since the Austrian Federal Government considers questions of food and agriculture to be a key element of the development process, my Government has decided to extend its membership in the existing Wheat Trade Convention, 1971. In addition, Austria intends to provide, subject to parliamentary approval, 20,000 tons of wheat annually for the purpose of the Food Aid Convention. In the same spirit, Austria has acceded to the International Sugar Agreement earlier this year and hopes that countries which have not yet done so will also see their way to join that Agreement.

We are fully aware of the importance of stabilization of commodity prices, since commodities account for a substantial part of the exports of developing countries and we are convinced that stable markets would also contribute to the security of supply in which we as a consumer country have a legitimate interest. We therefore believe that the relevant programme of UNCTAD should be continued. In this connection, we think that it might be useful to give a certain priority to meetings on those commodities where the areas of



agreement reached so far justify hopes for tangible and substantial results.

On various occasions Austria has confirmed its conviction that a sound international monetary system is a basic prerequisite for a smooth and proper functioning of international trade. We continue to hold this opinion. Particularly the smaller countries, together with the economically weaker ones, are bound to suffer from excessive parity fluctuations and from instability in world monetary relations. It is in this spirit that Austria welcomes steps towards greater stability in this field. We hope that the recently established European monetary system will result in better conditions for trade and finance for a very important sector of the world economy and we are prepared to co-operate with this new System in an appropriate manner. Furthermore, we are convinced that continuing discussions in the competent forums, in particular IMF, will lead to results satisfactory for all participating countries.

In this context I would like to mention that Austria has over the last two years made the following contributions towards international financial institutions: it has participated in the capital increase of the World Bank; it has taken part in the substantial fifth replenishment of IDA and IFC. Furthermore, Austria has contributed towards the current capital increase of AsDB and joined the Asian Development Fund. As a non-regional member, Austria has availed itself of the opportunity to join AIDB and the Inter-American Fund for Special Operations. Austria is among the original members of IFAD, and is now actively considering becoming a non-regional member of AfDB and the African Development Fund. Last but not least, Austria has continued to take up all shares assigned to it by IMF.

Another serious danger for international trade is inflation. After a rather short period of strong inflationary pressure, Austria has been able to reduce the rate of inflation of its domestic prices to approximately 3.5 per cent, while at the same time maintaining a high level of employment. There are good prospects that this positive development will continue. It is our sincere hope that Austria's trading partners, especially those among the developing countries, will draw appropriate benefit from this situation.

We are deeply aware of the serious debt burden of developing countries, especially in the context of short- and medium-term debts. We are glad to note that some progress has been made with regard to the implementation of resolution 165 (S-IX) of the Trade and Development Board. In this context I may mention that the Austrian Government has decided to convert credits to Zambia, Ghana and India into grants. Nevertheless we are convinced that the debt problems of developing countries need further consideration and appropriate action by the international community.

Among the proposals aiming in this direction, the concept of an increased transfer of resources proposed by the Austrian Federal Chancellor certainly merits further consideration and in-depth study. The core of this concept is the idea of a considerable international effort which would provide for additional resources to developing countries, particularly for measures in the field of infrastructure, and for counterpart funds to be

put at the disposal of recipient countries for local cost financing. We are satisfied to note that, together with other relevant proposals, this concept will now be further studied by the United Nations Secretariat and by the Committee of the Whole.

Austria fully recognizes the fundamental importance of technology for the process of development. We are convinced of the need for closer international co-operation in this field in order to extend the benefits of technology to all countries and to all people. We believe that greater participation by small but highly industrialized countries in such co-operative efforts could contribute significantly to a more balanced choice of technologies and to the selection or the development of technologies better suited to the specific needs and requirements of developing countries.

Strengthening the scientific and technological infrastructure of developing countries is essential for the reduction of their technological dependence and for enhancing their capacities for self-reliant solutions of development problems. The pursuit of these objectives calls for wide-ranging action, particularly in the area of education and training. Increased efforts will also be required to facilitate the flow of technological information. Austria has, for example, introduced a research service which gives developing countries access to one of the most comprehensive sets of patent documentation. This service is available to developing countries free of charge. Further, with the setting up of the International Patent Documentation Centre in Vienna, developing countries have at their disposal another important source of technological information.

The forthcoming United Nations Conference on Science and Technology for Development, to be held in my country from 20 to 31 August this year, will offer the international community another major opportunity to address itself in greater detail and in a more comprehensive manner to the basic issues involved in the mobilization of science and technology for development and to draw up an appropriate programme of action.

Austria has paid special attention to the preparations for this Conference at the level of the United Nations as well as in the regional framework. As a host country, Austria has simultaneously made considerable efforts with a view to providing the best possible working conditions for the Conference. We trust that these efforts will help the Conference in achieving the results which the international community expects from it.

Special consideration should be given to the needs of the poorest nations. We are aware that in the case of these countries a comprehensive concept of the role of aid should be elaborated. Any programme in favour of these nations should not be limited to financial and technical assistance but should also provide for their more beneficial participation in world trade. The Austrian Government is prepared to examine the possibilities of further facilitating access to our market of products exported by the least developed among the developing countries.

The special problems which land-locked and island developing countries are facing have been duly recognized by the international community. As a land-locked

country, Austria has great sympathy for the difficult development tasks facing these countries. We look forward to maintaining and further developing our close and friendly relations with them and we sincerely hope that appropriate ways can be found to alleviate their particular problems.

We have noted the emphasis which the Arusha document places on the attainment of collective self-reliance and we share the view that self-reliance of developing countries must be the ultimate goal as well as the *leit-motif* of a new development strategy. In our view, additional activities by UNCTAD in this field are certainly justified and we approach the numerous relevant proposals elaborated by the Arusha conference with an open mind. In considering these proposals we should like to stress the contribution which organizations such as UNIDO should make towards their implementation.

We are gratified to note that the importance of UNIDO in the overall development process has just recently been recognized by the decision to convert it into a specialized agency. The vast scope of activities outlined in the Arusha document should indeed make the task of avoiding duplication of work of UNCTAD and UNIDO, as well as of other international bodies, an easy one.

On the other hand, we are under the impression that institutional questions, in so far as they relate to the principle of universality, which constitutes one of the basic tenets of all United Nations activities, will require a great amount of imagination, goodwill and understanding from all groups of countries participating in this Conference.

We stand ready to participate in the quest for a solution which would accommodate the wish of developing countries for increased activities in the field of economic co-operation among themselves, including the necessary support of such activities by the competent international organizations. We shall do so taking duly into account the fact that meaningful progress in our work in UNCTAD and elsewhere will always require a broad measure of consensus which is necessarily based on the universal character of our activities.

We are convinced that our host country, together with the other States members of ASEAN, has set an inspiring example of economic co-operation for the international community. It is our sincere hope that under the President's wise and experienced guidance the fifth session of the United Nations Conference on Trade and Development will fulfil the great hopes and expectations which the community of nations places in it.

**Statement made at the 149th meeting, on 9 May 1979,  
by Mr. M. Saifur Rahman, Minister for Commerce of Bangladesh**

We met at Geneva, New Delhi, Santiago and Nairobi. We meet again today at Manila, all in the hope of a better future. There are many, both inside and outside this forum, who have begun to question the utility of this exercise. It is not without reason. Many of our hopes and aspirations remain as unfulfilled today as they were 15 years ago. The rich have got richer and the poor, poorer. Yet the rich are reluctant to accommodate, and the poor are asked not to expect. We, in the developing world, only seek a more equitable international economic order. We do not ask the rich to defend either their past or their present position: we only want them to ensure that the developed and developing countries will have a future to share together. An island of plenty cannot exist amidst a sea of poverty. We are here today to seek co-operation, not confrontation, to hope for reason, not recrimination. I would therefore urge the delegates of the developed world to endorse the Arusha Programme in its entirety.

We in the developing countries have been continuously trying to better our lot through our own efforts. But the world's institutional arrangements for production and trade conceived and created by the developed countries have been frustrating these efforts.

Bangladesh is a new nation. We have accepted the challenge of building a self-reliant economy with renewed vigour. We were subject to long colonial domination which left a legacy of vast illiteracy and accumulated poverty. We inherited a poor infrastructure damaged by war, a poor resource base ravaged by exploitation and, in consequence, an economy least developed among

developing economies. Our efforts for a better future and our full support for the Arusha Programme epitomize our belief in both national and collective self-reliance.

We have been restructuring our social, political and administrative institutions. We have been re-establishing our trade and economic links. We have been reformulating our development strategy. Our progress towards democracy and a participatory production system are the results of those efforts. We have accepted liberal trade and investment policies. We have also adopted a self-reliant strategy for our national economy to fulfil the basic needs of our people. Our manpower, land, water and mineral resources remain largely under-utilized. Our agriculture, stagnant through years of neglect and exploitation, retains a vast untapped potential. Our hopes for a better future lie in a fuller utilization of these resources and in a policy of agro-based economic expansion. While we realize, like many other developing countries, that the primary responsibility of development rests with ourselves, we are also aware that all too often our domestic initiatives are thwarted by the unfair rules of the international economy. Our exports fight a losing battle against increasing protectionism and declining terms of trade, while our import bill keeps rising on account of soaring prices. We now need to sell more than twice the volume of jute than a decade ago to buy the same amount of machinery. The poorest of the poor are asked to bear the larger burden of international adjustment. The international community can help us by removing the ex-

ternal constraints on our national efforts. It is clear that our own efforts to create a better society at home must be matched by those of the international community to establish an equitable world economic order. The Arusha Programme envisages such an order.

The world today recognizes that among the developing countries there are some who are the least privileged and the least developed. For those countries, the past decades have been a time of unrelieved deprivation. Even the future offers little promise of improvement without further support from the world community. Those countries have had a growth rate of less than one per cent per year. The harshness of this reality must be understood. The absolute poor are severely deprived human beings. The urgency of action is therefore overwhelming. I urge the delegates to adopt the two-phased Action Programme for the least developed countries without any delay.

We have witnessed the reluctance of the rich countries to share the world's wealth with the poor. We have seen a continuous decline in the flow of ODA. The developed countries have provided only 0.3 per cent of their GNP as aid instead of the United Nations target level of 0.7 per cent. Something must be done to remedy this situation.

We are pleased that a number of developed countries have undertaken retroactive adjustment of ODA terms. We thank them. We hope that those that have not yet done so will, in the near future.

With regard to the progress made in establishing the Common Fund, we welcome it. But we hope that the remaining outstanding issues will be resolved quickly.

We meet at a time when the world economy is in a serious crisis. The crisis in the international system is not of a cyclical nature. It is a clear manifestation of structural maladjustments. The developed economies are failing to control their high levels of inflation, unemployment and persistent imbalance in their external payments. This has created a fundamental structural disequilibrium leading to the virtual breakdown of the international monetary system, despite the periodical efforts at marginal adjustments. This has manifested itself in rising protectionism, preventing much needed structural changes in the world economy. The burden of adjustment is thus being transferred to the developing countries. Our balance-of-payments deficits widen. Surely, this is neither a moral nor a rational economic order. In an increasingly interdependent world, such a

state of structural maladjustments is entirely inadmissible.

We are told that the developed countries are unable to concede the necessary changes because their economies are threatened. It is time for the world to recognize that there is a distinction between a threat to "privilege" and a threat to "survival".

We meet here against the backdrop of a growing recognition that equality of opportunity among people, both within and between nations, is a crucial issue of our times. The world today has the resources and the technology to improve the human condition on a global basis. Yet there seems to be a lack of political will in the developed world to make the third world countries equal partners in the international economy.

The developing countries cannot remain forever locked into the primary stage of a vertical production system. At present the third world has most of its trade with the developed countries; they have most of their transport links with the developed world; the technology they use was created by and for the developed world. It is high time that this asymmetric dependence relationship was eliminated. We should also seek the impulses for our growth and our expansion within the third world. We should develop trade and economic links between developing countries. For only by increasing our collective weight in the system, only by building our collective bargaining power, and only by becoming collectively self-reliant, can the developing countries hope to change their unequal position in the existing order.

There is no doubt that UNCTAD has helped to arouse world conscience. Poverty today is on the world agenda. But despite endless dialogues the international community has yet to launch a credible programme to remove the tragic manifestations of world poverty and to restore basic human dignity around the globe.

If the rich nations are reluctant to give equal status to the world's poorest within an equitable world order, if the gap between achievements and expectations continues to widen, if those who have more lack the moral consciousness and political will to share their wealth and technology with those who have less, and if the leaders of the developed world do not demonstrate the necessary vision, wisdom and courage, then international co-operation will give way to a future of conflict, confrontation and conflagration. We co-operate and grow together or we perish together. There is no other way.

**Statement made at the 165th plenary meeting, on 18 May 1979,  
by Mr. H. B. St. John, Deputy Prime Minister and Minister of Trade,  
Industry and Tourism of Barbados**

Mr. President, on behalf of the Government of Barbados and of my delegation, and on my own behalf, allow me to congratulate you and the members of the Bureau on your election to office for this important session of the United Nations Conference on Trade and Development. Allow me also to associate my delegation

with others in expressing our warmest appreciation to the Government and people of the Philippines for the very thorough and excellent arrangements made for this Conference, and for the cordial hospitality with which we have been greeted and treated here in Manila. My delegation would also like to pay special tribute to the

Secretary-General of UNCTAD, Mr. Gamani Corea, and all other members of the UNCTAD secretariat for their comprehensive and exhaustive analysis of the issues before this Conference, and for the assistance the secretariat continues to render to countries with limited research facilities in preparing for international conferences of this kind.

My country is a very small developing island economy, with a tiny domestic market, no significant natural resources, and therefore no pretensions to economic greatness. However, our structural dependence on the rest of the world as a source of supply for the greater portion of our expenditure, and as a market for the greater part of our output, together with our current status as an unequal partner in such exchanges, compels us to accord attention to issues of trade and development to a degree which may seem unwarranted by the under-informed. Our participation in the proceedings of this Conference is a reflection of the importance we attach to UNCTAD as a forum for reaching agreement on comprehensive solutions to the manifold problems of small open economies, and as an instrument for promoting a better and more equitable world economic order.

We join this Conference aware that a meaningful dialogue on the problems of trade and development, and the closely related problems of money and finance, was a prerequisite to the attainment of the objectives set out in the Manila Declaration and in the Programme of Action on the Establishment of a New International Economic Order. That dialogue has been sober, significant and, we hope, sincere. Its results are now reflected in the Arusha Programme for Collective Self-Reliance and Framework for Negotiations which has been presented to this Conference. We have come here to initiate the process of implementing that Programme. If the deliberations and debate of the past five years are not to prove abortive, then this Conference must successfully discharge its awesome responsibilities by agreeing upon concrete and concerted action to reach our common goals.

Much has been said by those who spoke before me on the urgent need for a fundamental restructuring of the world economy. I do not intend to test the patience of this assembly with another recitation of the issues involved. It is sufficient to reiterate the total solidarity of my country with the Group of 77 in its call for basic structural changes in the management of the world economy, and for a new framework of rules and principles for the conduct of international economic relations in the Third United Nations Development Decade. Rather, I wish to address myself to some of the specific issues on our agenda which are of particular importance to my country.

With respect to the Integrated Programme for Commodities, my delegation cannot share in the euphoria with which some delegations have greeted the recently concluded agreement on the fundamental elements of the Common Fund. Although my delegation recognizes the critical importance of the Common Fund in meeting the price stabilization objectives of the Integrated Programme, and therefore gives its unconditional support and blessing to the attempts by our colleagues to

establish an effective and economically viable facility for financing price-stabilizing buffer stocks and other measures, nevertheless, my delegation has been forced to note that, as a marginal world producer of a single internationally traded commodity, namely, raw sugar, our national interests are best served by a well-functioning international agreement on the export marketing of sugar. It is in that connection that my delegation must place on record its regret and grave concern that the largest importing member has not yet enacted the enabling legislation necessary to make its participation in the 1977 International Sugar Agreement definitive, and more importantly, that the largest exporter to the world free market has not yet adopted the market discipline necessary for it to participate in the agreement at an acceptable level of quota.

As such, my delegation wishes to associate itself with the observation so eloquently expressed by the Prime Minister of Australia from this podium 10 days ago when he stated that, if the developed countries do not agree to participate in all viable commodity arrangements where they have an interest in the trade, then it will be difficult to see their agreement to the establishment of a Common Fund as anything more than an empty and rather cynical, if not hypocritical, gesture.

My delegation is also worried that the protracted negotiations over the establishment of the Common Fund have distracted international attention from the other aspects of the Integrated Programme, to wit, the creation of a complementary facility for the compensatory financing of commodity shortfalls, and agreement on a programme of action for strengthening the commodity sector of the developing countries, and the capacity of that sector to contribute to general economic development. My delegation attaches the highest importance to these initiatives. The problems which an excessive variability of foreign exchange earnings impose on the planning of future economic development have long been recognized by the international community. This particular constraint is especially severe in small island developing economies. In the case of my own country, our main commodity is excluded from the existing compensatory financing arrangements between the EEC and ACP States, and our effective use of the existing facility of IMF is constrained by the quota limits on drawings and a rigid application of the balance-of-payments criterion. Accordingly, my delegation urges acceptance of the proposals before this Conference for the early establishment of a compensatory financing facility, either as a third window to the Common Fund, or as a significantly improved arrangement within IMF.

As to the relationship between calculated shortfalls and compensatory payments, my delegation is encouraged by the proposals currently before IMF for including earnings from invisibles such as tourism in the basket of export earnings for calculating formula shortfalls. This is the first concrete step we have seen taken by the international community to recognize the importance of tourism in national development. UNCTAD in particular, since its inception in 1964, has been preoccupied with commodity issues to the neglect of services. Yet the fact is that I come from a country where tourist

expenditures are by far our greatest earner of foreign exchange, where the tourist sector employs far more people than any other productive sector, and where the dynamic for growth and development emanates principally from increased visitor arrivals and increased tourist expenditure. My delegation therefore calls upon the international community in general, and upon this session of the Conference in particular, to support and assist the growth of the tourism sector in the developing countries materially by helping them, *inter alia*, to improve their capability to devise plans for tourism development.

One of the obstacles in the emerging tourist industry which the developing countries must overcome if they are to secure optimum benefits from the industry is escalating air fares. These impose a barrier to travel to the developing countries, particularly those which are a long distance away from the tourist catchment areas. This Conference, consistent with its preoccupation with commodities and therefore the international carriage of goods, continues to ignore analysis of policy problems in the development of air transport services. Before this Conference is a resolution calling upon the international community to adopt and implement the recommendations of the UNCTAD Group of Experts on Feeder and Inter-island Services by Air or Sea for Developing Island Countries, and inviting the developed countries to declare their intent to conclude as expeditiously as is possible equitable air services agreements for both scheduled and non-scheduled services by carriers of national designation. My delegation urges unanimous support for these proposals.

But, over and above the difficulties which small countries experience in obtaining a fair share of the existing cartelized arrangements for the movement of persons by air, the tourist industry is also threatened by a far more serious problem. I refer to the wanton destruction of our beaches by oil pollution, traceable to the unregulated and irresponsible behaviour of oil tankers on mid-Atlantic routes. Our beaches are our most valuable natural resource. My delegation believes that the international community must recognize its responsibility to protect small island economies on the trade path of the international oil carriers from the ravages of beach pollution, and we therefore urge the adoption by this Conference of the proposals towards that end.

On a related problem, fishing beds in waters under the national jurisdiction of small island countries have always been another valuable national resource. For more than 300 years, the fishing industry in my country

was wholly indigenous. In recent years, however, the plundering of our coastal waters by technologically more advanced fishing fleets, and our continuing inability to police our territorial waters effectively, suggest the need for action by the international community to arrest the predatory practices of the more developed countries and to assist small island countries in the exploitation of their marine resources, the importance of which for them cannot be overstated. My delegation is hopeful that a dialogue on this matter will soon be initiated within UNCTAD with a view to reaching agreement on an appropriate code of conduct on non-territorial fishing.

The Arusha Programme correctly recognizes the need for collective self-reliance among developing countries. We believe that, if a restructured international economic order is to be attained, co-operation among developing countries must of necessity play a vital and dynamic role in that process. My delegation is concerned at the slow implementation of the Mexico City Programme on Economic Co-operation among Developing Countries and deplores the fact that, in spite of Conference resolution 92 (IV), the concept of regionalism does not feature prominently in the assistance programmes of the major international institutions. My delegation supports the call for increased trade liberalization among developing countries, and urges the international community to strengthen regional economic integration efforts by an increased emphasis on regional projects.

As a small country, we believe that there is a need for increasing flexibility on the part of the main bilateral and multilateral lending agencies. In the past, the major financial institutions have been used to dealing with much larger countries and in much larger-sized loans. Over the years, their procedures and lending criteria have generally been developed for this situation, and much greater flexibility in dealing with the plethora of small island developing countries is now required. My delegation would welcome a greater element of concessionality in lending for risky projects, particularly those in the energy sector, and increased resource transfers to the newly industrializing countries.

The issues before this Conference have been exhaustively and comprehensively studied over the past five years. The Arusha Programme proposes pragmatic solutions to the persistent poverty of the third world. Our dialogue here must fulfil the hopes and expectations which the community of nations places in it. My delegation is optimistic that the decisions reached at this session will forge a positive bond of understanding among all nations.

**Statement made at the 152nd plenary meeting, on 10 May 1979,  
by Mr. Mark Eyskens, Minister for Development Co-operation of Belgium**

Mr. President, I have always known of your country's proverbial hospitality, but I had never realized how touching it could be.

The Belgian Government is delighted that the Member States of the United Nations have chosen your country as the site of the fifth session of the United Na-

tions Conference on Trade and Development. We have always appreciated your country's activity in the international field, your receptiveness to world problems, especially the problems of your region, and the efforts of your Government to ensure a better future for the country's growing population.

I am especially happy to see that you have been entrusted with the presidency of this very important Conference. It is a tribute not only to your country, to its President and Prime Minister, Mr. Ferdinand E. Marcos, but also to you. We see in you the example of a most brilliant political career, as much in the service of the Philippine people as in the service of mankind.

Five years ago the General Assembly, at its sixth special session, launched the idea of a new international economic order. It can be said that since then we have pursued a permanent dialogue between the developed and developing countries.

The fifth session of the Conference is an important step forward. The wide range of important problems on its agenda are sufficient evidence of this. Moreover, the same problems will be discussed next year when the General Assembly of the United Nations meets in special session to define the new international development strategy.

The restructuring of the United Nations system currently under way is a vital contribution to the implementation of this permanent dialogue.

I am happy that a prime role has been given to UNCTAD under the universally recognized ability of its Secretary-General, Mr. Gamani Corea.

The first item of substance, and without doubt the most important that the Conference will discuss, is that of interdependence.

All countries today recognize the interdependence of the different international problems affecting development, but some countries hesitate to accept the concept of the interdependence of economies or, in other words, the interdependence of nations.

However, I am sure that in less than 10 years' time we shall find it difficult to believe that a controversy on a subject such as this could have existed in 1979. I am happy to note that President Marcos, in his written message to the Conference, has defined interdependence in the same manner.

Refusing to use a word will not change the reality of things. Interdependence is a fact and many an example illustrates this.

What country of the third world could deny the role of certain developing countries in the supply of raw materials and energy resources to the world economy?

What industrialized country could deny the growing importance of the markets of the third world for its exports?

Who could deny the effects of the fixing of prices of petroleum products? Since 1974, these effects have become more and more obvious to all. The present price is a burden on the balance of payments of many developing countries, while it jeopardizes the economic recovery of industrialized countries. According to cer-

tain calculations, the last two oil price increases will cost the EEC countries almost one point of the expected growth rate of their national income. The resulting transfer of resources to certain countries is considerable when compared with the percentage of national income—0.31 per cent in 1977—which industrialized countries assign in terms of official aid to all developing countries.

Belgium, which I have the honour of representing, is a prototype of a country dependent economically on other countries. As the world's number one exporter and importer per inhabitant, we are dependent on our suppliers for raw materials, energy and semi-manufactures. We are also dependent on the foreign clients to whom we sell our imported products after having transformed them into finished products.

Yes, my country is vulnerable, and it is this fact which fills me with a feeling of modesty, moderation and prudence.

But Belgium's case is not unique. On the contrary, I think it is common and therefore typical.

We live in a world in which an increasing number of countries depend on an increasing number of other countries.

Interdependence is one of the most important historical phenomena at the close of this century.

Interdependence carries the germ of potential conflict and confrontation if its existence is denied. But it can and must lead to solidarity, freely consented to or imposed by the facts, if its existence is recognized.

Interdependence can become the foundation of a new world economic order, provided that the rights, duties and responsibilities of the participants in this new economic order are defined equitably.

In the same concern for realism, why should this fifth session of the Conference not take better account of the great diversity of developing countries in order to adapt the policies and the measures it recommends?

The distinctions drawn between the least developed countries, the oil-producing countries, the newly industrialized countries and so on are already generally recognized.

It is also considered fair to direct more and more ODA towards the poorest countries, especially to meet their basic needs, while the newly industrialized countries primarily resort to traditional means of financing to ensure their development.

Our insistence on the differentiation between the developing countries is not a manoeuvre to divide the Group of 77. Experience has proved the positive role of this Group: it contributes to a better expression of the aspirations of the third world.

However, recognition of the diversity of developing countries makes it possible to pinpoint the problems more clearly and to adopt a more concrete approach to the real situation. Such an attitude can also promote the co-operation we all want among the developing countries themselves. Finally, it can bring out more clearly the responsibility of each country—for example, of the countries that produce raw materials with regard to ac-



cess to supplies for consumers, of newly industrialized countries with regard to the gradual opening up of their markets, or of the developed countries, with regard to their official development aid to the third world.

This last example is not the least important and we acknowledge that Belgium and many other developed countries, whether from the East or the West, should increase their transfers of official resources.

The developed countries have a number of other widely differing responsibilities which the developing countries share.

Each year, private assistance exceeds official aid; sometimes private assistance—foreign investments, bank credits and financial guarantees—is more than double official aid. But private assistance requires a climate of confidence, appropriate protection of investments and, depending on the circumstances, the free transfer of earnings and amortization, equitable and prompt compensation for expropriation, non-discriminatory treatment and the possibility, in case of conflict, of turning to mutually recognized international bodies for arbitration. We know, on the other hand, that the development of foreign investments calls for the study of a system guaranteeing that they will be carried through and that foreign investors should respect the sovereignty and the laws of the host country.

In matters of trade, all the industrialized countries, given their importance in world trade, bear the prime responsibility for trade liberalization.

As a country which largely bases its prosperity on opening up its frontiers, Belgium is fully aware of this.

But the struggle against protectionism, against tariff and non-tariff barriers, must be waged by each and every one of us. The recent outcome of the multilateral trade negotiations deserves praise, particularly at a time when the difficulties in the world economy are a temptation to yield to protectionism.

Finally, in financial matters, monetary stability, control of inflation and a moderately fluctuating exchange market are called for by the entire international community. This is particularly true because the unsettled international monetary system, and especially the uncontrolled depreciation of some currencies, disturb international trade and gravely affect the poorest countries. We must therefore advocate the strengthening of the European monetary system and the setting up of stabilization mechanisms between currencies from different monetary zones.

When I suggested a few moments ago that a certain diversity should be taken into account, I wanted to stress the particular responsibilities of some countries or groups of countries in the economic and social process with which we are all associated. We all wish to increase our national income, that is, the well-being of our people. Socialist countries of Eastern Europe, oil-producing countries, the poorest countries, industrialized and so-called newly industrialized countries—we all share the same objective. Why should we not agree on common policies to be adopted, on measures to be implemented on a world scale, on efforts to be made in favour of developing countries, on our mutual and interdependent responsibilities?

In the light of these considerations, I would like to suggest an idea which could take the form of a pact for common growth based on solidarity.

We could consider the need for all countries participating in this Conference to conclude an agreement aimed at a redistribution of the benefits of growth: countries whose *per capita* income is sufficiently high would surrender a fraction of their economic growth over and above a certain level. The obligation to redistribute a fraction of the increase in economic growth would also take account of structural unemployment in each industrialized country.

The resources thus acquired should serve to finance in developing countries activities having a high multiplier effect. These activities should also benefit the poorest populations as a matter of priority. Economic and commercial complementarity effects would ensue.

Such a pact would promote solidarity and avoid confrontation: indeed, it is in opposition to the policy of protectionism.

It would permit a “depoliticized” approach to development co-operation since it would be applied to all countries on the basis of macro-economic criteria, whatever their political or economic system.

The Arusha Programme seems to indicate that this Conference will devote some time to considering the structural reforms that should be introduced in international economic relations.

My country sees no difficulty in these problems being taken up by the Conference.

After all, the market-economy countries have over the years shown their constant ability to adapt to events.

We see no reason why, today, they should refuse to make the structural adjustments that may prove necessary in the various sectors of the world economy—in trade, energy, finance and so on—to enable the developing countries to play a more important role in these sectors and in the decision-making bodies that concern them.

The Belgian Government has already introduced certain principles of the new international economic order into the guidelines for its industrial policy, over both the medium and the long term. It has advocated concrete measures aimed at a gradual adjustment of the Belgian economy, taking into consideration the new requirements of a more balanced world. This reconversion has often led to loss of jobs, at least over the short term. Nevertheless, the Belgian Government has accepted this economic and social challenge and intends to live up to it.

Similarly, Belgium will stand by the objectives concerning official aid. In the programmes submitted to Parliament last month, the new Government reaffirmed its determination to spend 0.7 per cent of the GNP on official aid.

The current budget allocates a total amount of over 22 billion Belgian francs for development aid, i.e. more than \$700 million.

Contributions from the private sector in Belgium are of considerable importance; even if the amounts have a

tendency to fluctuate, during the last 10 years they have always exceeded one per cent of the GNP.

As to the quality of ODA, Belgium welcomes the agreement reached in March 1978 in the Trade and Development Board by the adoption of resolution 165 (S-IX) on retroactive adjustment of terms of official bilateral aid.

In order to evaluate correctly the adjustment measures taken by Belgium, it must be realized that 90 per cent of our ODA consists of grants and that the grant element of all our commitments is over 98 per cent. Consequently, no substantial improvement can be made in the terms of Belgium's official bilateral aid. Again, the adjustment measures taken under the first part of resolution 165 (S-IX) amount to a total sum of 440 million Belgian francs, that is, roughly \$15 million, in favour of five countries.

As to the second part of that resolution, concerning the elaboration of detailed features for future operations relating to debt problems, the Belgian Government hopes the Conference will find a solution which takes into consideration the wishes of both the developed and the developing countries: on the one hand, quick and efficient treatment of debt problems, and on the other, the maintenance of the role and competence of the international organizations concerned.

The least developed countries, especially certain landlocked and island countries, figure prominently among the countries assisted by Belgium. These countries receive nearly one quarter of our bilateral assistance, almost entirely in the form of grants.

Furthermore, the financing of development projects in these countries is assured until the projects are completed, these grants being adjusted in accordance with the constant rise in operating costs. Financing agreed upon on a pluriannual basis thus becomes continuous, predictable and certain, enabling projects to be executed according to a harmonious development plan.

On the other hand, Belgium, conscious of the budgetary difficulties of the least developed countries, finances local operating and investment management costs until a satisfactory profit level is reached.

Finally, Belgium hopes that at its current session the Conference will direct its activity in this field towards specific measures, such as promotion of the food and agricultural sector, the quality of training and health care, in order to ensure a more equitable standard of living for all levels of society in these countries.

I would like to conclude this speech with a subject that has been of utmost concern to UNCTAD since the last session of the Conference at Nairobi, namely, the

implementation of an Integrated Programme for Commodities, including the establishment of a Common Fund.

If the results do not measure up to the hopes that many had at the start of the Integrated Programme, we can nevertheless be happy about the fact that some progress has been made in commodity negotiations, the most recent of which concern rubber and olive oil.

One of the key elements of this Integrated Programme is the Common Fund for Commodities, which we hope will be set up on the basis of the fundamental elements agreed upon last March.

In this respect, I would like to inform the Conference of Belgium's decision to participate financially, within its capacities, in the two windows of the Common Fund. If the other countries members of UNCTAD make a similar effort, and if broad agreement is reached in future negotiations on the functioning and utilization of the second window, Belgium is prepared to make a voluntary contribution that could amount to some 100 million Belgian francs, that is, \$3 million.

As to our direct contribution to the first window, it will, under the same conditions, reach an amount of about 117 million Belgian francs, or \$3.5 million.

The Belgian delegation has been impressed by the results already achieved by countries like the Philippines in their development policies. We appreciate, however, the magnitude of the development problems still to be overcome and we admire the determination of countries like the Philippines to improve the standard of living of their populations.

We feel that the solution to these problems and to those that will occupy our delegations during the coming weeks cannot be found in setting up new international institutions or in expanding existing ones. On the other hand, the search for ways and means of increasing the efficiency of the organizations already at our disposal should encourage us. In our opinion, UNCTAD in particular has at its command the means necessary to carry out its tasks and those that await it.

Belgium, for its part, will continue to show its political will to contribute to development in accordance with the guidelines of the nine member States of EEC as presented on 8 May on their behalf by Mr. R. Monory, French Minister of the Economy, and in keeping with the ideas I have just had the honour to outline.

In conclusion, I would like to thank this assembly for the confidence it has shown us in electing one of my countrymen, Mr. D. Laloux, as Rapporteur of the Conference.

**Statement made at the 167th plenary meeting, on 21 May 1979,  
by Mr. André Atchade, Minister of Trade and Tourism of Benin**

We should like to take the opportunity of addressing this assembly first to express our deep gratitude to the President of the Republic of the Philippines, Mr. Ferdinand Marcos, to the First Lady of the Philippines,

Mrs. Imelda Romualdez Marcos, to the Government and to the Philippine people as a whole, for the very warm and very hospitable welcome afforded to us in this charming city of Manila and for the excellent ar-



rangements made to ensure the success of our Conference.

We should also like to express our warmest congratulations to General Carlos Romulo for his richly deserved election as President of our Conference, over which he is presiding with energy and rare competence.

The fifth session of the United Nations Conference on Trade and Development, which is destined, we are sure, to be written in letters of gold in the annals of contemporary history, will have been marked by the presence of eminent men of international stature, defenders of the human cause, proponents of the establishment of a new world order comprising justice, peace and happiness for each and every person.

This session, taking place as it does at a particularly unsettled period of our time, characterized by inflation, unemployment and the shattering of the international economy, the chronic balance-of-payments disequilibrium of the poor countries, hunger and poverty for hundreds of millions of individuals, will suffice to demonstrate the interdependence of all the world's economies.

A great man once said: "Unless he is a genius, a rich man cannot know what poverty is." Nonetheless, we call upon the developed countries to lend an attentive ear to the cries of alarm of the developing countries.

The merit of this session lies in identifying and examining all development problems and proposing just solutions with a ring of truth which fills some with hope and troubles others. And yet things must change. If the fifth session of the Conference succeeds only in convincing representatives of all nations and of all bodies present here of the vital need for change in the old order, now anachronistic and unjust, and for its replacement by a new order with a more human face, it will to a large extent have fulfilled its task. We hope, however, that it will go beyond this by adopting coherent and constructive resolutions.

For our part and in the name of our country, the People's Republic of Benin, we would like to put forward our views on a number of items on the agenda which we regard as particularly important.

Our country, which has chosen the socialist path to development freely and in full sovereignty, attaches great importance to international co-operation and considers it the best way of achieving an equitable solution to economic problems. This co-operation requires substantial inputs from all members of the international community.

In this connection, our country cherishes the principle of self-reliance and considers that developing countries aspiring to the establishment of a new economic order should themselves make great sacrifices in relation to their means in order to bring their level of development closer to the world average. Individually and collectively, they should intensify their efforts to mobilize their resources and their markets within the framework of a real interdependence taking into account the complementarity of their economies.

Co-operation of all kinds among developing countries, the procedures for which should be defined by

those countries themselves at the subregional, regional and interregional levels, is undoubtedly a fundamental element in the structural changes required for the establishment of a new international economic order and for a balanced and harmonious development of their economies. In this context, it should be noted that the People's Republic of Benin is actively participating in the organization and strengthening of bodies such as OAU, ECOWAS, the Common Organization of African, Malagasy and Mauritian States, and the Council of the Entente, which are already working to realize these aims.

Co-operation among developing countries, which must be based on the principles of equality and mutual advantage, would profit by covering the economic, technical, cultural and social fields as a whole. It will undoubtedly make an appreciable contribution to the establishment of the new international economic order.

The developed countries and the United Nations system as a whole should recognize the importance of co-operation among developing countries for collective self-reliance, as defined in the Arusha Programme. Therefore all financial and technical assistance necessary to carry out projects and programmes fostering such co-operation should be promptly provided by the developed countries and the competent international bodies.

Moreover, great efforts will be required of the developed countries which are at present the main operators in the world economy. They will have to show goodwill and a strong spirit of solidarity to agree to the structural changes required by the new international economic order: a shift in the patterns of production, world-wide marketing arrangements, a change in control over national resources, the abandonment of sectoral and protectionist measures.

The continued disruption of international trade resulting from various Western protectionist pressures should be given more attention by UNCTAD. The dominant trends in international markets cannot be eliminated without the support of UNCTAD, whose aim should be to create a mechanism whereby patterns of production and trade in the world economy can be periodically reviewed in order to determine the sectors where structural adjustments are necessary.

UNCTAD should pursue its activities, preventing the conclusion of new sectoral agreements which place restrictions on the developing countries' trade and eliminating all existing agreements of this kind in order to ensure that commodities have free access to international markets.

It is important for the developed countries participating in the multilateral trade negotiations to honour the Tokyo commitments under which developing countries would be granted special and more favourable treatment in each of the sectors of negotiation.

As decisions must be the outcome of consensus, no code should be considered as adopted during the multilateral negotiations or in GATT without the agreement of the developing countries participating in these negotiations.

As regards the Integrated Programme for Commodities, the main object of which is to promote increased production of and trade in commodities from developing countries, it must be recognized that the development of the situation is hardly encouraging. An assessment of the application of this Programme shows that the number of arrangements or agreements reached on commodities remains rather modest. Most of the producing countries are not yet benefiting from the actions provided for in this Programme. This is the case for our country, the People's Republic of Benin, which produces mainly palm oil, cotton and peanuts, and which has not so far benefited from any commodity arrangement or agreement.

It is to be hoped that new agreements, not of course entailing any restrictions on international trade, will be reached during 1979 and the years following. Governments must show goodwill in order to bring negotiations between producers and consumers to a successful conclusion.

It is also important that the Common Fund resulting from the Integrated Programme should be created speedily and become operational. The fundamental elements of the Fund, worked out at Geneva at the cost of a laborious compromise, should be recognized by all parties involved. To allow the Fund to play its leading role in the application of the Integrated Programme and to operate to the benefit of the developing countries in general, and the least developed among them in particular, its second window should be financed by direct and appropriately proportioned governmental contributions on the same basis as the first window.

As regards manufactures and semi-manufactures, our country, which is recognized to be among the least developed, considers that industrialization is an essential factor in its development and economic take-off. Our national construction programme clearly stipulates that agriculture must be the foundation of our economy and industry its driving force. Our industrial policy has as its priority to meet the needs of the masses and provide them with consumer non-durables and the capital goods and factors of production necessary for the development of agriculture. Our problems include those related to access to the markets of the developed countries, which are jealously protected by powerful restrictive measures. The textile industry, which the developed countries themselves promoted throughout the developing countries, is a case in point.

The development of industrial production and the export of manufactures and semi-manufactures ought to enable the developing countries to resolve rapidly the problems of deterioration in the terms of trade and their balance-of-payments difficulties.

There is no doubt that the corner-stone of the developing countries' industrialization policy is the speedy transfer of appropriate technology and of technical know-how to these countries to enable them to achieve real autonomy in the field in question and to find solutions to their development problems corresponding to their aspirations and to their specific values and needs. Here, as elsewhere, emphasis must again be placed on co-operation among developing countries in the exchange of information and experience and the

development of their complementary capacities. Furthermore, we urge the international community rapidly to adopt the international code of conduct on the transfer of technology, certain mandatory provisions of which should offset the weak bargaining position of the developing countries.

We are pleased to welcome here the setting up in Addis Ababa in 1977 of the African Regional Centre for Technology, the headquarters of which is in Dakar, and the establishment in Cotonou, People's Republic of Benin, on 4 April 1979 of the African Regional Centre for Engineering Design and Manufacturing, the headquarters of which is in Nigeria. But for these centres to fulfil their roles effectively they must be provided by UNCTAD, UNDP and UNIDO with adequate financial and technical assistance not chargeable to country IPFs.

As regards monetary and financial issues, we think that a thorough reform of the international monetary system is necessary in order to arrive at a durable solution to the present economic crisis, characterized in the industrialized countries by persistent inflation and recession, and in the developing countries by a worsening balance-of-payments deficit. Such a reform will certainly benefit the developing countries and the industrialized countries alike. But we agree with the Arusha document that true monetary reform entails the setting up of an equitable decision-making mechanism.

In spite of the control exercised by IMF over exchange rate policies, monetary and financial markets continue to be unsettled. Excessive instability of currency values is causing serious erosion of the financial assets of the developing countries.

This is why we feel that, as part of their anti-inflation policy, the industrialized countries should introduce financial instruments capable of protecting the real value of the assets of developing countries. We also ask that IMF, in providing balance-of-payments assistance, should apply sufficiently flexible conditions for developing countries whose deficit is essentially of a structural nature. Suitable measures should be taken to make SDRs the principal reserve currency. The compensatory financing facility should be liberalized and improved so as to compensate for losses in export earnings sustained by developing countries.

It should also be pointed out that the present level of transfer of resources from developed countries to developing countries should be increased. This increase may take the form of grants, loans and interest subsidies for the development projects and programmes of these countries. In this case, ODA will have to be increased.

The new economic order called for by the whole international community also covers the field of shipping. This is a field from which developing countries are virtually absent, being confined to the role of users of services.

International co-operation in this area should aim to secure the equitable participation of developing countries in world shipping and the rapid development of their merchant marines.

The People's Republic of Benin, which has already ratified the Code of Conduct for Liner Conferences, calls upon all countries which have not yet done so, and

particularly the developed countries, to ratify it and speedily apply its provisions.

International co-operation, which is designed to re-establish world economic equilibrium and to raise the level of development of the developing countries, must pay special attention to the least developed countries. To this end, international financial institutions, the developed countries and even certain other developing countries should intensify their efforts so as to carry out the two-phase action programme for the least developed countries, as outlined in the relevant recommendations of the Arusha Programme.

In the same context, international co-operation should seek just and equitable solutions to the special problems of land-locked and island countries.

The principle of non-discrimination should be respected in co-operation among countries having different economic and social systems. The political option

chosen for the economic and social development of a country should be of no account as far as the search for solutions to development problems is concerned.

Furthermore, since the new international economic order must be considered as a salutary and collective undertaking, each member of the international community should contribute to bringing it about. For this reason, our country feels that the contribution of the socialist countries of Eastern Europe to the development effort should be increased.

In conclusion, our country, the People's Republic of Benin, trusting in the goodwill which must be shown throughout the world, believes that the developed countries will succeed in going beyond their individual interests and in summoning up the political will needed to impart historic significance to the present negotiations so that the noble aims of the new international economic order may be attained in record time.

**Statement made at the 161st plenary meeting, on 16 May 1979,  
by Mr. Om Pradhan, Secretary, Ministry of Trade, Industry and Forests of Bhutan**

I should like, first of all, to associate my delegation with those who have spoken before me in congratulating you, Mr. President, on your unanimous election to the presidency of this very important Conference. We could not be more fortunate nor be in more capable hands than yours to enable us successfully to conclude the work of this fifth session of the United Nations Conference on Trade and Development. I also request you, Mr. President, to convey our thanks to the Government and the people of the Philippines for the warm reception and hospitality accorded to my delegation. I would also like to take this opportunity to express the gratitude of my delegation to President Ferdinand E. Marcos and the First Lady for their very inspiring addresses. The presidential address set the note for our deliberations and my delegation hopes that we will be able to meet their expectations.

This year marks the end of yet another United Nations Development Decade. The objectives that the world community had set out to achieve at the start of the 1970s have not only gone unfulfilled, but the economic conditions in the developing countries have further worsened and, in certain areas of the globe, have reached crisis proportions. As a result, we also meet at a time when the world economic situation happens to be the most serious in the post-war period.

The structure evolved after the Second World War for the conduct of world trade and economic relations has proved to be glaringly inadequate not only with regard to overcoming handicaps facing the developing countries in their struggle to eradicate mass poverty, but also with regard to providing satisfactory solutions to ensure the stability of developed societies themselves. Although the need for restructuring world trade and economic relations has been emphasized in various forums in the past few years, substantive action for effecting the necessary changes has been seriously lacking.

In the area of enhancing and diversifying productive capacities in developing countries, the international community had agreed to the target of achieving a 25 per cent share in world production of manufactures for the developing countries by the year 2000. The achievement of such a target requires more massive transfers of resources to developing countries than exist at present. Such transfers would also help to reactivate dormant productive capacities in the developing countries themselves. At the same time, as recent studies indicate, the present 8 per cent share of developing countries in world trade in manufactures has also to increase correspondingly to 30 per cent by the year 2000. Therefore, in order to achieve the structural changes required for evolving a new and fair pattern of world trade and a more equitable adjustment of the international division of labour, the restrictive business practices which prevail in the developed countries and which are disadvantageous to the developing countries have to be eliminated or meaningfully reduced. However, during the last few years developing countries have watched the rising protectionist trends in developed countries with great concern and alarm. Such trends would have to be stopped and reversed.

Within the framework of the link between trade, development, money and finance, the international monetary system is of prime importance. The *ad hoc* measures introduced thus far have proved to be unsatisfactory, as large payments imbalances persist. The burden of correcting these imbalances has fallen disproportionately on developing countries which have borne the brunt of adjustment measures—rather, short-term measures to overcome those situations which they had little or no responsibility in creating. The international monetary system must therefore be fundamentally reformed within the overall framework of the new international economic order.

The ever increasing economic hardships of the least developed among developing countries is of great concern to my delegation. Although the Conference, in particular at its third and fourth sessions, emphasized the urgent need for financial and technical support, such assistance to the countries at the very lowest level of economic development, even in comparison with other developing countries, has been seriously lacking. In fact, the issue of assistance to the least developed countries has been diluted in the general implementation of various measures in favour of developing countries as a whole. The consequence is that the acute problems of the least developed countries persist and deepen, making self-reliance for them a dim and far-fetched objective. My delegation therefore urges the implementation, on an emergency footing, of the crash programme for 1979-1981 and, as a long-term measure, a Substantial New Programme of Action for the 1980s, as proposed in the Arusha Programme.

Agreement has now been reached on the fundamental elements of the Common Fund, which is considered to be absolutely essential for attaining the objectives of the Integrated Programme for Commodities. My delegation, which supports the Programme, was happy to learn of this breakthrough and we hope that it can be implemented in the very near future. The Programme, which will stabilize and assure export earnings from a number of commodities of interest to quite a few developing countries, must ensure that the interests of the least developed countries are safeguarded and kept foremost in mind. The Programme must also call for the inclusion of other commodities which are not now on the indicative list, but which are of special interest to the least developed countries. In order to alleviate the severe economic conditions prevailing in the least developed countries, consideration may also be given to finding a way of stabilizing and ensuring the export earnings of those countries within the structure of the Common Fund even though the least developed countries may not be producers or exporters of currently listed commodities or a separate scheme to serve this purpose could be evolved. Such consideration on the part of the international community would make economic development resulting from resource transfers fair and equitable, and would go a long way towards solving the severe balance-of-payments difficulties of the least developed countries.

The external trade of land-locked countries, which has to be routed in transit through other countries, has profound implications for their economies, especially if these also happen to be least developed. The international community has not only debated time and again the principles which should govern the transit trade of land-locked countries but has also proposed measures for concerted action to overcome their specific problems and difficulties. This has been done particularly because the fact of being land-locked also retards economic progress and, as a result, most of the land-locked developing countries are also least developed. However, at the end of yet another Development Decade, action to fulfil our intentions has lagged far behind.

Now, once again, the Arusha Programme in respect of the land-locked and island developing countries has outlined comprehensive measures for overcoming the

problems of the geographically handicapped. My delegation supports these provisions and requests the international community to provide all possible financial and technical support, especially for the implementation of the priority areas. These include the streamlining of the transport infrastructure and facilities to sea and airports through various alternative routes, development and improvement of inland waterways, ensuring that each land-locked country has at least one international airport and reliable communication links between land-locked countries and the main international commercial centres. At the same time, the Governments of developed and developing countries should ensure that shipowners and insurance companies provide land-locked least developed countries with concessional freight rates and premiums. Studies are also required to find out the possibilities of connecting the railway system of transit countries into land-locked countries so that transit costs are cut by avoiding trans-shipments.

Although the United Nations Special Fund for Land-locked Developing Countries has become operational, only meagre resources have been made available so far. My delegation requests all countries in a position to do so, and particularly the developed countries, to contribute generously to this Fund.

In overcoming the difficulties of being land-locked, the close co-operation of transit countries is of vital importance. In this respect, my delegation would like to place on record its appreciation of the friendly co-operation we have been receiving from the present Government of India. Recently, our two Governments reached a happy agreement to simplify some of the documentary and procedural requirements for Bhutan's transit trade through India. The utilization of a number of alternative routes has also been agreed upon. Such a development makes us confident that our close and friendly neighbours will continue to extend their support and co-operation to us whenever occasion demands. My delegation hopes that other transit countries will extend similar co-operation and facilitate the commerce of their land-locked neighbours.

Although the world economic picture we face is one of gloom, hopes have once again arisen for the developing countries regarding the establishment of an equitable world order. Now, therefore, our very sincere efforts should be directed towards the implementation of the Programme of Action on the Establishment of a New International Economic Order during the coming Third United Nations Development Decade. In this context, we must remember that all developing countries will have to be given an increased and fair share in decision-making for the management of the world economy. This would help to ensure the conduct of the economy equitably and in a manner favouring the advancement of the developing countries.

In conclusion, I would like to state that my delegation supports the Arusha Programme and hopes that the provisions contained therein will be accepted by the international community. Today we meet at a particularly significant time when we are offered yet another opportunity to right our wrongs and create an environment conducive to the betterment of the lives of our family of humankind.

**Statement made at the 162nd plenary meeting, on 16 May 1982,  
by Mr. Xavier Caballero Tamayo, Ambassador, Permanent Representative  
of Bolivia to the United Nations Office at Geneva**

I should like to express to you, Mr. President, the cordial greetings of the Bolivian delegation and to convey our gratitude to the supreme authorities of the Philippines as well as to the Philippine people as a whole.

I would further place on record my appreciation of the excellent preparatory work done by the secretariat and express my thanks to Mr. Gamani Corea, the Secretary-General of UNCTAD, and his staff for this further demonstration of their conscientiousness and efficiency.

Bolivia is attending the fifth session of the United Nations Conference on Trade and Development in a spirit of complete solidarity with the countries of the Group of 77, in the hope and with the intention of engaging in broad co-operation.

It also has an undeniable feeling of concern, for although the problems that were tackled initially by this Conference remain unresolved and only modest steps have been taken to cope with them, new problems are beginning to emerge. Of particular concern to Bolivia are those general problems that are arising in the field of energy and those raised by the transfer to the disadvantaged countries of the imbalances caused by the international division of labour, which affect the world as a whole.

We cannot remain indifferent to the lack of substantive progress made on the question of the availability of effective means of assistance and co-operation. Indeed, it must be asked whether those who formerly had earned the right to our loyalty and confidence are not now forfeiting this right. Indications of self-satisfied contentment with antiquated procedures, qualitative shortcomings and a lack of imagination, if not a complete inability to meet the challenges that arise, are surfacing throughout the entire range of multilateral programmes and activities embarked upon in this field.

Past experience must be evaluated ruthlessly if the Third Development Decade is not to suffer from the same shortcomings as previous ones.

Among the various problems that are of more direct concern to us, I should like to refer to those that affect my country the most.

One of the items on our agenda is devoted to the specific handicaps of the land-locked developing countries. These handicaps are quite obvious, and indeed familiar to Bolivia, which has been deprived of its own coastline for a period which this year amounts to one century, owing to a historical accident that it does not intend to discuss in this forum and in respect of which I shall simply say that we cannot be expected to accept it as final and irrevocable.

Despite our very special situation, we co-operate whole-heartedly with the land-locked countries with a view to promoting the specific interests of this category of States.

The Arusha Declaration draws attention to the desirability of arriving at mutually advantageous solutions with transit countries on a complementary basis. This is precisely what is called for, because it would be unwise to introduce other concepts which might create, between countries of the third world, cases of unbalanced relationships similar to those which we would like to eliminate from our collective relationship with the developed world.

The tin-producing countries took the initiative of setting up an international buffer stock council at an early stage, thus anticipating ideas which may be close to finding concrete expression in the Common Fund. These countries did not derive any undue advantages or profits from this body. Indeed, precisely the opposite occurred when Bolivia, during the Second World War, supplied tin at subsidized prices as the contribution requested of it to the struggle for the defence of democracy.

In the course of time, the principal natural reserves of tin were depleted, considerable difficulties were encountered in developing new sources of supply and pressing social demands had to be satisfied.

The combination of these factors brought about increases in international prices. These increases were certainly justified in view of the proportionally far greater increases which the consumer countries unilaterally decided to make in the prices of the capital goods with which they provide us. They were also justified by the world inflationary process and the sharp decline in value of the currency used as a means of payment.

As if these adverse factors were not enough in themselves, they were aggravated by a unique type of market manipulation, namely, massive sales decided upon unilaterally by one of our purchasers from stocks that it had been able to build up thanks to our generous co-operation during the war period to which I have already referred.

Our difficulties are certainly not confined to problems connected with tin, for we share the well-known frustrations experienced by many countries in respect of cotton, sugar and tropical timber. Tungsten is a special case.

Consultations aimed at the desirable stabilization of market fluctuations affecting this mineral were embarked upon even before the establishment of UNCTAD, and continued under its auspices. All that came out of the many meetings held on this question were the dilatory arguments of the purchasing countries. Admittedly some progress was made at the last but one session of the Trade and Development Board, when agreement was reached on the desirability of convening a negotiating conference. However, the agreement was not complete on the part of the consumer countries, nor was it free of restrictive reservations.

These brief comments will perhaps be regarded as hasty assertions, as easily dismissed complaints by an importunate country, as attempts to create division or as more of the irritating criticisms that certain countries are no longer prepared to accept.

Yet I would suggest that they reflect objective facts known to all which provide a graphic description of the flagrant disparities inherent in the prevailing situation.

It is understandable that, for the people affected, it is difficult to discern any rational link between these facts and actions and the objectives which participants in this Conference profess to pursue together.

For many years it has been repeated time and time again in many forums that harmonious, just and guaranteed coexistence of nations cannot be built up on the basis of the many flagrant disparities characteristic of the present time.

Unfortunately, it would seem that the will to seek solutions beneficial to all in the light of this indisputable truth is declining.

What has come to be called the North-South dialogue was initiated at these conferences. At the outset there was the unavoidable confrontation of positions concerning inevitable stages and valid procedures,

mainly for those countries which, as they say in the English-speaking countries, usually end up with the short end of the stick.

As a result of frequent repetition, even the most useful ideas are usually transformed into rigid and sterile commonplaces. Thus, it would now appear that means are coming to be regarded as ends and that we come to these conferences in order to maintain and consolidate confrontation for its own sake, even if this means sacrificing a creative consensus.

Bertrand Russell assures us ominously that during the 10,000 years of recorded history there has never been a case of a far-reaching structural change brought about by consensus. In this century, characterized for better or worse by virtually unlimited potential, the inevitable moment when we will have to embark upon this first unique experiment may have arrived.

This task will undoubtedly require a considerable amount of pragmatic negotiation and the corresponding exercise of "political will" in specific cases. Whether the process should be limited to this sort of action and nothing else, without a substantial element of human solidarity, is something that I leave you to reflect on. Let us simply note that any solidarity which recognizes limits and exclusions is a sham and unconstructive.

**Statement made at the 147th plenary meeting, on 8 May 1979,  
by Mr. George A. Maciel, Permanent Representative of Brazil  
to the United Nations Office at Geneva**

Mr. President, first of all may I congratulate you on your election to the presidency of the fifth session of the United Nations Conference on Trade and Development, a decision of the Conference that constitutes a tribute of the international community to your personality, to the head of the Philippine delegation and to the contribution of your country to the cause of co-operation and understanding among nations. At the same time, I wish to thank the Government of the Philippines for all the courtesies it has extended to us; and, above all, I wish to record my profound gratitude for the warm welcome given to us by the people of this country. This is no surprise for those of us who had already been to Manila and have had the opportunity to know its citizens.

The Brazilian delegation takes part in this Conference as the representatives of a country that is not only a member of the Group of 77 but that is also in full solidarity with the other members of that Group and historically linked to its very origins. The political and moral validity of the Group of 77 as a pressure group of sovereign developing countries designed to press for the acceptance of some fundamental principles of international co-operation for economic development is universally recognized. The usefulness of the Group of 77 as an instrument for the negotiation of practical measures for the implementation of policies in the international field is accepted everywhere. And finally, the Group of 77 is regarded as an important forum for exploring, on a world-wide basis, realistic possibilities of economic co-operation among the developing countries themselves.

We think that these functions of the Group of 77, that is, serving as a forum for technical and economic co-operation among developing countries and as an instrument for effective negotiation with the industrialized countries, both capitalist and socialist, are essential for obtaining the full conceptual acceptance of a new international economic order, for refining this concept and for its gradual implementation through international agreements in the fields of trade, finance and technical and economic development.

It is clear that, when the Group of 77 works as a forum for technical and economic co-operation among its own members, the responsibility for taking decisions falls exclusively on the developing nations. It is also obvious that these nations need the support and the assistance of the international community, through UNCTAD and other international organizations, for the implementation of many of their decisions. It is equally evident that this support and assistance that the Group of 77 needs and expects to receive will produce results beneficial to the international community as a whole.

These results should be parallel with and complementary to those other results that should derive from the negotiation of international agreements and measures between the developing and the developed countries. Being an instrument for co-operation and negotiation, the Group of 77 is not aimed at confrontation. Confrontation is inevitable only when the groups of in-



dustrialized countries decide to entrench themselves into hopelessly immovable positions.

The fact that confrontation is avoidable and co-operation possible has been recently demonstrated by the agreement on the Common Fund for Commodities that was reached a few weeks ago in Geneva. Granted that innumerable and hard difficulties had to be surmounted and that it all took time, granted also that we have still to negotiate the articles of agreement or the statutes of the Common Fund, and granted finally that the basic Geneva package is very modest and insufficient, my delegation nevertheless feels that the Geneva agreement is a good basis to be developed into a workable fund. We are ready to co-operate fully with other representatives in Geneva to write articles of agreement that will make the Fund attractive both to exporters and to importers of commodities. The initial shortcomings of the Common Fund should not stop us from doing everything in our power to put it to work as soon as possible. Once the Common Fund starts its operations, we shall acquire enough experience to correct, in the near future, all its original shortcomings, including the limitations of its financial resources.

Brazil, being a significant exporter of commodities and also an importer of commodities and raw materials, is equally interested in the conclusion of several agreements under negotiation in the framework of the Integrated Programme. We therefore hope that all interested countries will join efforts to expedite work under way in Geneva and complete the negotiations at a reasonably early date, for the benefit of the trade and the development of members of the Group of 77 and for the benefit of world trade in general.

That also was and still is the overall aim of the multilateral trade negotiations that have reached their final phase recently in Geneva, but have not yet been completed and concluded. At least two major areas of the Tokyo Round are still open and unfinished. One of them is the bilateral tariff negotiations and the other, and perhaps the most important, is the draft code on safeguards. This last one is indeed an essential piece of the whole package as outlined by the Tokyo Declaration, which specifically mentions the problem of safeguards in the General Agreement on Tariffs and Trade.

As a country for which trade is increasingly important, and as a developing country that has often experienced unfair and arbitrary safeguard measures against its exports, Brazil attaches special importance to the early conclusion of an agreement designed to provide effective discipline against unilateral and arbitrary restrictive action in trade. It is hard to envisage a new order in world trade without such a code which, in particular, will protect the trade and development interests of the developing countries. The safeguards agreement would already have been concluded were it not for the rigid positions of a few countries. Developing countries have demonstrated considerable flexibility and have moved a long way in the direction of an agreement in the interest of all. We hope, as do most of the developing countries, that a final understanding will be reached within the next few months.

We are disappointed with this failure of the multilateral trade negotiations, as we are disappointed with several other results of the negotiations, which do not provide satisfaction to a developing country such as my own.

We are particularly disappointed with the results in the field of reform of the GATT general framework, which was designed to encourage the trade of developing countries. I am proud that the Brazilian Government took the initiative of first bringing this matter to the consideration of the participants of the Tokyo Round and of presenting the original proposals to the Trade Negotiations Committee in Geneva. We are not proud of what was left of our proposals at the end of the negotiations. The results fall far short of our minimum expectations.

However, even if the agreements resulting from the multilateral trade negotiations fail to satisfy the developing countries and if preliminary indications point towards modest benefits in the tariff field, negotiations are not over. In the next few months we shall have a chance to accommodate some of the interests of the developing countries before the formal signing of the agreements. Later on, when and if the agreements are adopted and implemented by a significant number of countries and the task of adapting GATT itself to the new rules of world trade is done, we shall have a further occasion to ensure that developing countries are given the possibility of a fuller and fairer participation in international trade.

Once the final agreements of resulting from the multilateral trade negotiations are implemented, we shall have, in reality, a new framework of trade rules within which continuing negotiations will take place, and in this process it will be necessary to take into account the trade interests of developing countries in order to provide an adequate foundation for future world economic and trade expansion.

The stated objective of the developed nations themselves in the multilateral trade negotiations was to provide a long-term foundation for the expansion of world trade. This objective was in many cases sacrificed to accommodate short-term interests or problems, to the detriment of developing country interests. We must now seek means to correct this, and to avoid taking the easy way out of the fundamental problems which we still face and will face in the period following the negotiations.

We trust that the early convening in 1979 of the United Nations Conference on Restrictive Business Practices will produce results complementary to, but better than, the modest attempts at liberalizing and disciplining international trade to which I have referred.

All these achievements are indeed modest when measured against the new wave of protectionism in developed countries, the greatest casualties of which are always the developing countries. There have been noble and even realistic calls from all over the world to avoid beggar-my-neighbour policies and to resist protectionist forces. Unfortunately, these worthy intentions are often modulated according to whether the neighbour is a strong neighbour or a weak one. In the long run,

however, all stand to lose from this, since world economic interdependence demands ever increasing co-operation between developed and developing nations. Certainly, there is no one remedy against protectionism and the several trade agreements under negotiation show it clearly. Indeed, the challenge we face in this respect is doubly complex: to provide for greater expansion of world trade, and to find the means that will allow highly industrialized countries to adjust to a new division of world labour and to the imperatives of industrialization of the developing world.

Besides trade in goods and services, another vital element for dynamic development is the acquisition of modern technology and scientific knowledge. I would say that the process of transfer of technology will be especially one of the paramount concerns of the developing countries in the next few years and decades for increasing the rate of their economic development. In this connection, I wish to refer to the special significance we attribute to the coming United Nations Conference on Science and Technology for Development, the results of which, we trust, will be positive and beneficial to all.

I wish also to particularly commend UNCTAD for its work in the field of technology, as both a forum for negotiations and a source of studies and technical assistance for the building of technological infrastructure and capabilities in developing countries. My Government has always recognized the tremendous importance of the negotiation and conclusion of a code for the transfer of technology. We trust that it will be possible to finish the work on the code in the very near future and that it will be an effective instrument for facilitating the transfer of technology to developing countries as well as an instrument to control abusive practices under transfer of technology contracts. Obviously, to be such an effective instrument, the code will have to be universally applicable and be legally binding, even if this last feature may take some time to be incorporated in the code.

In this field, I wish also to mark the interest of the Brazilian Government in the conference to be convened by WIPO to revise the Paris Convention on Patents and

Trade Marks. We must make every effort to ensure that the new convention resulting from the revision will incorporate the essential positions upheld by the Group of 77. Thereby, we can hope to contribute towards the acceptance of an effective and universal agreement in keeping with the realities of the modern world.

If I were to sum up some of the central issues that are of concern to the Brazilian Government, I would stress again that the complexity of today's international economic problems does not allow for exclusive or discriminatory solutions which do not take duly into account the interests of developing countries and the increasing diversity of their relationship with the developed world. Developing countries, in the interdependent world of today, are an essential factor of economic welfare, both as markets for goods and services and as suppliers of important resources and increasingly competitive producers.

Brazil fully recognizes the right of different groupings of countries to meet and examine major world economic issues. We are concerned, however, at the possibility that unilateral decisions and measures might be taken within a restricted circle of highly industrialized nations, on occasions such as the "summit conference" to be held next June in Tokyo, in which issues that are of fundamental interest also to developing countries will be taken up without prior consultations or follow-up understandings between the seven participants and the developing world. We fear that this sort of "summit" procedure might lead to a distorted vision and a biased assessment of the problems affecting developing nations, unless a permanent dialogue with the developing world is duly maintained.

I have touched only upon some essential aspects of the work we have before us in the next few weeks. The work of the fifth session of the Conference, as a phase of the ongoing North-South dialogue, is much more extensive and complex. My only wish at this moment is that the Brazilian delegation may be in a position to co-operate with all the others towards bringing to a fruitful conclusion all the varied tasks of the Manila Conference, for the economic prosperity of all countries and for lasting peace among all nations.

**Statement made at the 152nd plenary meeting, on 10 May 1979,  
by Mr. Hristo Hristov, Minister of Foreign Trade of Bulgaria**

May I first congratulate you, Mr. President, on your election to the high post of President of the fifth session of the United Nations Conference on Trade and Development, and wish you every success in your noble responsibilities. I would like to express my personal appreciation to the Government and the people of the Philippines for the warm welcome we have received everywhere in your beautiful city.

Allow me to take advantage of this opportunity to voice before this high forum my Government's appreciation of the vigorous efforts made by Mr. Gamani Corea, the Secretary-General of UNCTAD, aimed at

raising the prestige and the role of UNCTAD in international trade and economic relations.

The years following the last session of the Conference have witnessed a further development of a number of positive processes in international relations. No doubt the major development characteristic of the past period has been the continuous process of *détente* and further consolidation of the principles of peaceful coexistence among countries with different social and political systems. We are convinced that only in an atmosphere of just and lasting peace on our planet will nations be able to concentrate and pool their efforts for the settle-



ment of national, social and economic problems in order to achieve a just and democratic restructuring of international trade and economic relations on the basis of equality and mutual advantage.

The Bulgarian Government therefore links the objective of a progressive restructuring of international economic relations with the further consolidation of peace and international security. The improvement of the political climate in the world creates a favourable basis for beneficial trade and economic co-operation between all countries, and for the normalization of international trade relations, which are among the most dynamic factors of economic and social progress.

On the other hand, the past several years have been marked by the continuing effect of the crisis in the capitalist economy.

The negative effects of the crisis have had a particularly serious impact on the economy of the developing countries. They have harmed international trade and economic turnover, and to a significant extent limited the possibilities offered to these countries by the international division of labour.

I would like to assure you that the People's Republic of Bulgaria fully shares the view that the restructuring of international economic relations is necessary on a just and a democratic basis. In this connection, we attach especially great importance to the present fifth session of the Conference. Our country supports the determination of the developing countries to do away with economic, social and political dependence, to overcome their backwardness, and to exercise their right to control their national resources.

The People's Republic of Bulgaria which, only 35 years ago, was at the level of the least developed countries, with a national income amounting to \$200 *per capita*, shows full understanding of and supports the requests launched by the developing countries aimed at the establishment of equitable international economic relations.

We consider that the major objective of the fifth session of the Conference is to take strong and effective measures to bring about a decisive improvement in the situation as regards trade and economic relations, as well as effective steps designed to achieve real social and economic progress in the developing countries. In order to make headway towards this objective, however, a clear approach of principle is required, in other words, a proper understanding of the reasons which have brought about the present economic situation in the developing countries and the substantial gap between different States.

I am taking advantage of this occasion to submit a joint statement (TD/249) under item 8 of the agenda of the present session, on behalf of the People's Republic of Bulgaria, the Byelorussian Soviet Socialist Republic, the Republic of Cuba, the Czechoslovak Socialist Republic, the German Democratic Republic, the Hungarian People's Republic, the Mongolian People's Republic, the Polish People's Republic, the Ukrainian Soviet Socialist Republic, the Union of Soviet Socialist Republics, and the Socialist Republic of Viet Nam. It is

our hope that this statement will be paid due attention and will contribute to the successful work of the session.

Our country attaches great importance to the development of economic relations with all countries, as a substantial part of the national income of Bulgaria is formed in the sphere of foreign trade.

I should like to point out that the developing countries account for an important share of our foreign trade and economic, scientific and technological co-operation. Our country makes consistent efforts to develop a mutually beneficial basis for co-operation that will contribute to the successful solution of the problems faced by the developing countries.

For example, Bulgaria's trade with the developing countries has continued to expand steadily and rapidly, and is at present the most dynamic sector of our foreign trade. Within the last eight years alone it has increased more than threefold, and in particular imports of manufactures from these countries have increased substantially.

A major contribution to the development of trade with the developing countries was made by Bulgaria's general system of preferences elaborated within the framework of UNCTAD. In pursuance of the recommendations of the second session of the Conference, our country extended considerable customs preferences to the developing countries in 1972; and in 1977 imports of goods from 35 least developed countries were completely freed of import duties.

Bulgaria offers substantial State credits, provides highly skilled exports and grants scholarships for the training of experts from the developing countries in Bulgarian educational establishments. The value of scholarships alone has been over \$100 million during the past 20 years, while credits have exceeded \$1 billion. In proportion to its national income, Bulgaria is one of the few countries that has allotted such large amounts to the developing countries in the forms of credits and scholarships.

Our country gives priority to comprehensive and continuing co-operation with the developing countries, based on joint efforts for elaboration of and involving in national use new resources of these countries. This contributes to the expansion of their economic potential and facilitates the financing of large-scale economic projects and guarantees reliable and profitable markets for them.

In the process of restructuring international economic relations, Bulgaria also makes the necessary efforts to find just solutions to various commercial and economic problems in relations with the developed market-economy countries. We are convinced of the need to create a stable and long-term commercial and economic basis for promising, equitable and mutually beneficial co-operation. The development of East-West trade, the long-term accords, agreements and contracts that have been concluded, and the joint projects that have been implemented—all these form an integral part of the process of safeguarding peace and *détente*.

In harmony with the Helsinki recommendations, Bulgaria has taken steps, including legislative steps, to

facilitate business contacts, to improve exchanges of information, to extend industrial co-operation and to implement joint projects.

In this connection, I would like to mention the importance attached by our country to co-operation in Europe, including co-operation between CMEA and EEC. The establishment of all-round contacts between them could promote the consistent implementation of the relevant provisions of the Final Act of the Helsinki Conference. The constructive proposals of the CMEA member States for the signing of an agreement between CMEA and EEC are of enormous importance to the fostering of economic co-operation in the interests of the European countries.

We also attach importance to the questions connected with the preferential customs treatment by EEC, on a non-discriminatory basis, of Bulgaria as well as other countries at a similar level of economic development. The solution of this problem will undoubtedly promote the further development of our country's trade and economic relations with EEC member States.

I should also like to draw attention to Bulgaria's efforts to develop bilateral economic relations with its Balkan neighbours. During the past four years the volume of trade with these countries has expanded more than three and a half times.

Against the background of these positive developments, we can only regard as anachronistic the attempts of certain circles to minimize East-West trade, to raise obstacles of an administrative and technical nature and to intensify protectionist measures. There are some circles which work to maintain and even intensify discrimination in East-West relations. Attempts are made to enunciate a new theory of "discrimination", since the old arguments were of an openly political nature and suffered defeat. Attempts to advance discriminatory terms on the principle of "effective reciprocity" are not gaining ground either.

The steady growth of protectionism in the policy of the developed market-economy countries has become one of the specific features of contemporary trade and economic relations. This problem was not resolved appropriately in the recently concluded multilateral trade negotiations under the auspices of GATT. Obviously this necessitates the adoption, within the framework of UNCTAD, of comprehensive measures against the growth of protectionism and discrimination in international trade, with a view to avoiding the negative consequences for a number of countries of the endorsement of a trade policy of this kind.

It is our profound conviction that, in order to attain this goal, as well as other major objectives, UNCTAD should be retained as a universal international trade organization responsible for dealing with all trade and economic problems of interest to all its member States.

This year we celebrate the thirtieth anniversary of CMEA. The main result of co-operation among the CMEA member countries for the last three decades is that new economic relations have been developed and recognized for the first time in history; these relations were based on the principles of equality of rights and mutual assistance, on a planned economy, and on the unity of interests of the individual country and those of the community as a whole.

Bulgaria embarked upon its economic development in the years following the Second World War as an underdeveloped country; it has now reached the level of countries with a modern agriculture and a rapidly advancing industry. This development has been the result of the mobilization of all domestic resources and of co-operation within CMEA. Bulgaria has built up its own metallurgical, machine-building and chemical industries and modernized its agriculture. The share of machinery, electronics and engineering services already accounts for nearly 50 per cent of Bulgaria's exports. The true significance of this fact becomes clear if it is borne in mind that 25 years ago Bulgaria did not produce any machines at all, while in 1978 the value of machinery exports exceeded \$3.5 billion.

All these facts demonstrate that CMEA is becoming ever more firmly established as a feasible pattern for international co-operation which makes it possible for the key problems of our time to be resolved successfully. Some groupings of developing countries that were formed recently have now therefore turned, with reason, to these principles and apply these forms of integration, which tend to promote the direct impact of key industrial sectors in their economy. A large number of these countries have come to realize that the system of the international capitalist division of labour does not open up any prospects for the socio-economic progress of their nations, and urge the restructuring of international economic relations.

I would like to point out in this connection that the problems pertaining to the establishment of the so-called new economic order and the steps taken in this direction may either delay or facilitate the development of countries; they cannot, however, be as important as the rational utilization of funds, social justice, planned management of the national economy, equitable distribution of national income, etc. These are factors that paved the way for the economic progress made by the CMEA member States.

In conclusion, I would like to assure you that Bulgaria, as a permanent and active participant in the work of UNCTAD, believes that this organization has vast possibilities for making an effective contribution to the settlement of the basic issues of our time in the fields of international trade and development, as well as to the real restructuring of international economic relations for the benefit of all nations throughout the world.

**Statement made at the 149th meeting, on 9 May 1979,  
by U Tun Tin, Deputy Prime Minister and Minister for Planning and Finance of Burma**

On behalf of the delegation of the Socialist Republic of the Union of Burma, I should first like to express my sincere thanks and appreciation to the Government of the Republic of the Philippines for the warm welcome and the traditional hospitality extended to my delegation, and for the excellent organization and arrangements which will undoubtedly ensure the basis for fruitful work for all of us here in this beautiful city of Manila. We were very much moved by the inspiring addresses of the First Lady, Imelda Romualdez Marcos, and the President, Ferdinand E. Marcos, emphasizing the urgent need to fulfil the basic needs of the people and to work for the survival of mankind.

It is with particular satisfaction also that I wish to congratulate you, Mr. President, on your election to the high office of this important Conference, spanning the unfulfilled hopes of the past two decades to a future which, as all of us have agreed, should bear more positive results in the international endeavour towards the accelerated economic development of the less favoured nations. I have purposely used the term "less favoured" rather than "developing" or "less developed". The past greatly influences the present, and it is true that what we are going through today is largely the result of the past when these countries were in a less favourable position in respect of the distribution of gains from world economic growth. We can now look forward to the future with hope, for the international family of nations has reached a stage of subscribing to a common view that peace, stability and the material well-being of mankind is indivisible. We are confident that, under your wise and able guidance, this important Conference will succeed in laying down the framework to hasten the attainment of our common objectives.

Permit me at this point to express our sincere appreciation and congratulations to the members of the UNCTAD secretariat who, under the leadership of the Secretary-General, have contributed much to the work of UNCTAD.

All of us are well aware that the world economy is still beset with many difficulties. The economic upturn in 1975-1976 has been followed by a general deterioration in the situation. Continuing inflation, monetary instability, declining growth rates, and the increasing debt burdens of many countries are indivisible problems which can be solved only through determined joint efforts and co-operation. Instead of being disheartened by it, this present situation should, I believe, move us to tackle these problems vigorously and positively.

However, in our joint endeavour to resolve world economic problems, we should not minimize the importance of one fundamental reality. The instability of the world economy and the frequent occurrence of crises of one kind or another indicate that the present international economic system no longer serves the demands of the times. The existence of structural and fundamental defects in the present system makes it imperative to

restructure the world economy to resolve the inequities and imbalances in international economic relations.

The First United Nations Development Decade has passed, and the Second Decade is coming to a close with most of its declared goals and objectives unfulfilled. The basic human needs of the people in large areas of the world remain unsatisfied, and eradication of mass poverty is still a problem with most developing countries. In order to apply more effective measures to reduce such inequities, my delegation believes that a fundamental restructuring of the whole system is required and that the International Development Strategy should be reviewed. Furthermore, the Programme of Action on the Establishment of a New International Economic Order should be vigorously implemented. The new strategy for the Third United Nations Development Decade should take into account the contributions to be made by developed countries to increase the productive capacity and real purchasing power of the developing countries, and should also contain measures for the provision of increased assistance. Special attention should be given to the least developed and the most seriously affected countries. The criteria used for identifying the least developed among the developing countries appear to have limitations, and therefore need to be reviewed. The new criteria to be introduced should be directly related to more concrete economic variables. My delegation would like to emphasize that the Preparatory Committee for the New International Development Strategy should fully take into account the views of the Conference with regard to the formulation of the new strategy.

I shall now turn to some of the issues before the Conference. On the question of the Common Fund and the Integrated Programme for Commodities, my delegation considers that good progress has been made since the time the proposal was presented to the Conference at its fourth session, held at Nairobi. Although setbacks were suffered during the initial stages, my delegation welcomes the decisions reached recently at the third Negotiating Conference whereby the fundamental elements of the Common Fund were agreed upon. I trust that further agreement can be reached at the next Negotiating Conference for adoption of the articles of agreement.

There is an urgent need for further reform of the international monetary system to make it supportive of the development of the developing countries in the overall context of the establishment of the new international economic order. The decisions within IMF and the establishment of the supplementary financing facility, together with the new allocation of SDRs, have tended to ease the difficulties of developing countries, but are still inadequate to ensure an equitable distribution of international liquidity. To alleviate this situation, my delegation would endorse proposals for increasing the role of SDRs, increasing the flow of real resources to developing countries, and greater and more

effective participation of developing countries in the decision-making process on international monetary affairs.

With regard to measures to augment the net flow and improve the conditions of resource transfers from developed to developing countries, while Burma is not in favour of setting rigid targets on aid flows, my delegation feels that the volume and quality of ODA to developing countries could still be stepped up and improved. We feel that the flow of bilateral and multilateral financial resources to developing countries should be on a continuous and assured basis, in order to enable developing countries to prepare plans for the most effective utilization of such assistance.

I note that the role of programme assistance and local cost financing as part of ODA has been a relatively minor one. I feel that programme loans are particularly suited to current world economic conditions, where many developing countries face balance-of-payments problems which result from factors beyond their control. In the face of serious under-utilization of productive capacity in many developing countries, resulting from their inability to finance imports of raw materials and spare parts, programme financing is likely to have a more immediate impact on raising output. The traditional approach of ODA to finance only the foreign exchange requirements associated with particular projects has also the effect of narrowing the scope of assistance and eliminating projects with a relatively small foreign exchange component. This tends to limit the contribution which foreign assistance can make to the development process. Financing of a project should thus be considered on the basis of its contribution to economic and social development, and in appropriate cases the assistance should cover not only the foreign exchange costs but also the local costs of the project. Many developing countries have to supplement their requirements of capital for economic development with

private flows from international capital markets and are experiencing difficulties with high interest rates and other related charges. The developed countries should expand their export credit facilities not only as a means of promoting trade but also in the context of expansion of concessional flows.

The substantive changes in the world economic situation require a re-examination of the future functions and role of UNCTAD. In this connection, although mindful of the need to avoid the proliferation of activities and organizations in the system, I do recognize the need to strengthen the negotiating and decision-making capacity of UNCTAD, and my delegation would support measures aimed towards this end.

In conclusion, I should like to make the observation that there has not been a lack of effort on the part of the international community in seeking solutions to major world economic problems. We have had many opportunities to consult each other and to take fresh initiatives on the important issues before us. These increased contacts and consultations have been useful in clarifying many outstanding problems and in devising new measures and also in recommending new courses of action to overcome some of the structural weaknesses of the present world economy. Recent events also give sufficient proof of the interdependence of the world economy and dramatize the need for co-operation and conciliation in attempting to meet the challenge of world development. We cannot fail to recognize that improvements in the economic situation of the developing countries would lead to increasing their purchasing power and would also enable them to absorb larger values of exports from the developed countries, resulting in a mutually beneficial form of co-operation. We hope this spirit will prevail at the fifth session of the Conference and that concrete decisions will be taken at the Conference to promote further international trade and economic co-operation.

**Statement made at the 167th plenary meeting, on 21 May 1979,**

**by Mr. T rence Sanz , Ambassador Extraordinary and Plenipotentiary, Permanent Representative of Burundi to the United Nations Office at Geneva**

At the meeting point of the seas and the oceans nature has wrought a masterpiece: the Philippine archipelago and, as if to fulfil the vocation to which it was predestined by its perfect geographical situation, it has become the point where civilizations and cultures converge, to which they have been brought by the majestic oceans, carried by the distant seas from the four corners of the earth.

This country of yours, which is one of the finest gems of the universe, appears as the quintessence and the synthesis, if not indeed the flower, of those admixtures from outside which have helped to enrich the Philippine soul.

It is surely due to the universalist character of your nation that the delegates to the fifth session of the United Nations Conference on Trade and Development have, despite their cultural and linguistic diversity, im-

mediately become acclimatized at the human and social level.

Another asset to our meetings in the Philippines has been, so far, the remarkable absence of philippics or clashes of rhetoric, which were so frequent at earlier sessions.

The general climate, so pleasant for delegations, in which the discussions and meetings are proceeding augurs well for the achievement of tremendous progress by the end of the session.

The success of our deliberations would undoubtedly be the most valuable present that we participants could give to our illustrious hosts, in return for the many generous gestures with which they have overwhelmed us: to the Head of State for his stirring exhortation to work for the good of the single and entire human race; to the President of the Conference, the Minister for

Foreign Affairs, Mr. C. Romulo, the only person within the international organizations circuit, if not in the world, to have been associated, albeit indirectly, with the League of Nations, and to have assisted at the birth of the United Nations, and who can thus draw on his consummate experience and his admirable political perspicacity, a man who has influenced the course of world events for more than half a century; and especially to Mrs. Imelda Romualdez Marcos, heading the Philippine delegation, who has fervently devoted herself to the triumph of the "common cause" which is the very *raison d'être* of the session. Under the august aegis of the First Lady, one has the feeling of being in a protean atmosphere, sometimes within a large international family over whose needs she watches with a surprisingly vigilant eye, sometimes in the presence of an eminent political personality wise in the affairs of State, and yet again in the company of an angel who both inspires and vivifies the Conference, thanks to her gracious and all-pervading presence among the delegates not only in meetings but also at cultural events or on excursions.

May the fervent desire of the presidential couple and their people be granted by a brilliant conclusion to this international forum, the absence of which could be likened to a mountain giving birth to a mouse, in the eyes both of those who have dazzled representatives by a hospitality suited to all tastes, and of mankind as a whole, which has a right to demand economic well-being commensurate with its legitimate aspirations.

As far as the Republic of Burundi is concerned, the fifth session of the Conference is being held at just the right moment. It coincides with a period in which an unprecedented campaign is being inaugurated by its present Government, which is sparing no effort to involve the country as quickly as possible in the system of modern industrialization and rationalized agriculture.

In addition to the three-year and five-year plans, which are designed to accelerate economic progress over a period of five years in every sector, a veritable development charter was submitted to the nation by President Jean-Baptiste Bagaza, on his accession to power in 1976, in a celebrated statement entitled "Fundamental aims". Inspired by the Head of State and the Supreme Revolutionary Council and encouraged by the revived Party of Unity and National Progress, the people of Burundi of all ages and origins are vying with each other in the task, spurred on by their genius for hard work.

In spite of all the energy and all the resources employed, development efforts have come up against various obstacles, which should be mentioned.

#### *The fate of the least developed countries*

Until quite recently, the least economically developed countries contented themselves with a resigned acceptance of the hard fate inflicted on them, through no fault of their own. After all, were they not buried in the oubliettes when that very paradoxical situation occurred of donors, whether States or international bodies, succumbing to the temptation of self-interest? In that perspective, countries were considered worthy of a generous gesture if they were able to guarantee

reciprocal benefits where the resources came from Governments, or solvency, where they were derived from financial institutions.

Such a practice gave rise at one fell swoop to a twofold vicious circle: on the one hand, the aid or loan was subordinated to traditional banking requirements and conditions, and lost thereby its whole humanitarian character; on the other, the providers of funds displayed a greater readiness to help partners who had already crossed or even gone well beyond the most critical threshold of underdevelopment, or who had indeed attained a relatively high stage of development.

These pecuniary calculations aimed at helping the most advanced countries and sacrificing the most underprivileged are still a feature of international economic relations, thus reducing the most needy to the unenviable status of rejects. This vicious circle is quite apparent, since the have-nots are the most forsaken rather than being the recipients of extra concern and generosity. They are cold-shouldered, their case usually being swamped by the mass of applications from the more developed of the developing countries, which the providers of funds prefer to the most deprived.

#### *Creating a general awareness in a world forum of the lot of the most underprivileged*

The least developed peoples do not, on account of their condition, experience any feeling of degradation or of embarrassment. On the contrary, the heroism with which they accept their fate and face unpleasantness reflects great credit upon them. Does that mean that they remain in a state of resigned inertia making no attempt to have recourse to antidotes that are deemed appropriate? Such an attitude would be like that of the ostrich burying its head in the sand at the approach of danger, and is not in keeping with the genius of the peoples concerned who devoted themselves energetically and persistently to the task of getting rid of their economic nightmare. Being the worst victims of the prevailing disequilibrium, they are more than any aware of the necessity for and the urgency of seeking greater well-being and of forging a better destiny, sheltered from the storms of the existing international economy. We know and can feel where the shoe pinches far better than observers or distant witnesses who picture the seriousness of the problem more or less in the abstract. There is another paradox here: the still embryonic nature, if not the total non-existence of our mass media keeps hidden under a thick black-out the severity of the constraints which obsess the poorest, with the result that it is impossible for them to bring home to outside opinion the cruel realities suffered.

UNCTAD, which has set itself as its main task the guiding of the nations towards progress, is very well placed to prescribe the remedies necessitated by destitution, which is commonplace amongst our people. It is true that the duty of arousing a universal awareness of their daily lot is primarily that of their interpreters, namely, the Governments we represent, whose role no third party can assume. In this connection, it seems to us that a world conference on the fate of the least developed countries is essential. An international forum, having the characteristics of a special session of

the General Assembly of the United Nations, held at Geneva under the auspices of UNCTAD, would give all mankind an unprecedented opportunity of considering all aspects of the material hardships whose weight is still crushing some members of this organization, the fact being insufficiently dramatized owing to the absence of adequate mass media. It is not enough for industrial and financial circles, foreign State bodies or supranational organizations to wring their hands over the dramas of underdevelopment. It is high time for mere verbal commiseration to give way, from the moment this session comes to an end, to a veritable and general agitation, which might set in train a speedy and irreversible process, leading to a global programme starting with the next decade and intended to raise our countries to an economic level worthy of the human being and compatible with the noble ideals professed here and more generally, at the time when this century is hastening to its close.

The world forum, before which the conscience of humanity is called upon to testify, should not be a source of false illusions as to the immediate and tangible results. It should nevertheless sound a note of warning to the public and make good the gaps in our information media. Although not to be regarded as a panacea for all the ills paralysing our economic machinery, or a magic wand with the power to produce instant solutions, it would at the very least be able to recognize and establish the priority of needs in respect of which the international community would have to choose between helping or remaining indifferent. Such a result might open the doors to greater generosity.

#### *Geographical hazards obstructing the momentum of land-locked countries*

The plight of land-locked States is scarcely such as to leave the participants in this Conference unmoved. The natural ostracism to which they are subjected leads automatically to almost congenital impoverishment which would appear to be beyond remedy. *Mutatis mutandis*, a country bordering on a river or enjoying direct access to the sea can succeed in withstanding the onslaughts of unforeseeable events more easily than another which is condemned to autarky because of its remoteness from major shipping routes.

A brief description of a multitude of imponderable factors will show how extremely vulnerable are nations with no coastline. From their dispatch to their arrival at destination, goods pass through an endless chain of formalities, handling and invoicing, which of course entail, in addition to the cost of loading and unloading, costs for transit and storage, and these increase the amount charged under the tariffs. Having had to undergo a number of trans-shipments throughout their journey, the goods are often found on arrival at their final destination to be damaged and consequently of diminished value. When the transit ports are congested or if the facilities, equipment, and port installations are deficient, transit times may be extended indefinitely. Besides these economic factors, which are obvious and more or less predictable, political events that cannot be foreseen in any way do not fail to affect the economies of States which are isolated in the interior of continents.

Such phenomena have serious repercussions for exports and imports, which sometimes reach dramatic proportions and lead to a general disturbance of the programming of the economy and trade, thus making problematical any planning and the carrying out of projects of all kinds. These vicissitudes which accompany imports or exports may cause sudden increases in prices and introduce a permanent element of uncertainty affecting both producers and consumers.

#### *The combination of hazards*

The fact of being land-locked is itself a substantial obstacle to economic and trade relations with the outside world and consequently contributes, if not to regression, at any rate to an absence of progress or even stagnation in the key sectors of industry. When a country classified in the "least developed" category is at the same time confined in a land-locked territory, it is constantly in danger of economic strangulation. Condemned to receive its supplies and export its products in dribbles only, it is constantly haunted by the spectre of commercial asphyxia.

Burundi is the very prototype of a land-locked country. This august forum will thus realize that we are not just amusing ourselves by drawing a photo-fit but that our apologia is dictated by all too real experiences undergone by our countries, where historical and geographical hazards have combined, in the hope that prompt action will be taken to lighten the weight of the twin steam rollers that are crushing them, namely, an excessively low *per capita* income and the fact of being land-locked. For an effective remedy, combined measures must be envisaged involving both air and land (rail or road) transport. Piecemeal solutions aimed at dealing with momentary situations are quite unsuitable to remedy the shortcomings. What is required is rather a *modus operandi* capable of providing those States with a permanent machinery and giving them reliable and constantly operational outlets, whatever the economic situation, and securing them against isolation and suffocation. The fate of the transit territories is in many respects associated with that of the users of ports or port facilities. In that connection, studies should be undertaken on their behalf with a view to determining ways of relieving congestion at ports and facilitating movements.

#### *To be viable and profitable, co-operation among developing countries should be based on a three-sided system of contributions*

From Mexico City in September 1976, through Buenos Aires in August-September 1978 to Arusha in February 1979, economic and technical co-operation among the developing countries has been seen as one of the corner-stones of the order that is being sought.

The United Nations General Assembly and the successive sessions of the United Conference on Trade and Development have concerned themselves with this issue to the extent of institutionalizing the demand by the establishment of the Committee on Economic Co-operation among Developing Countries. The mandate of that body, however, will be completely fulfilled only if substantial contributions are made by the industrial-



ized States as well as by the competent international bodies and the nations more directly concerned. This type of co-operation is a joint task that is in no way detrimental to the interests of the rich countries, which would thus have no reason to boycott it or to accuse the champions of the new formula of attempts at isolationism. The advocates of such an approach are quite aware that there would be no future in going it alone. On the contrary, they are endeavouring to associate the developed world with the initiatives undertaken to that end. Achievement by the third world of self-sufficiency would also benefit other States by lightening the burden of their duties towards the underdeveloped. It is obvious that individual or collective autonomy would have a beneficial and reciprocal impact on the two classes of economy since, on the one hand, it would reduce the volume of aid from existing donors while, on the other, it would lessen the frequency of appeals for outside assistance.

It is hardly necessary to stress the fact that the developing countries are duty-bound to devise patterns of co-operation among themselves, with a view to gradually limiting their burdensome dependence on sources which are both remote and reluctant.

*Economic integration, a firm basis for co-operation among developing countries*

The virtues and benefits of economic integration are so obvious that there is no need to enlarge upon them here. In the view of the delegation of Burundi, it is the initial and natural step towards the economic co-operation that has been so warmly recommended by developing countries at various levels. The limited financial resources of the poor States and the difficulties they encounter when they seek external assistance for investment in various sectors are such as to encourage the formation of regional groupings. These have the merit of encouraging specialization within each member State in the more productive fields to supply all the markets of the region, thus avoiding spreading capital too thin.

As they are unable to bring about an economic and industrial boom simultaneously and on several fronts, the regions can make good this deficiency by the international division of labour, in both industry and agriculture, by establishing particular centres of production according to their ability to achieve a return.

*The Economic Community of the Great Lakes Countries and the imperatives of the present era*

The Economic Community of the Great Lakes Countries, which is made up of the Republics of Burundi, Rwanda and Zaire, is, of its kind, a prototype of regional integration. The creation of this entity is a response to the call of realism and of the community of destiny. Being anxious to ensure the future of their respective peoples and to obtain for them the well-being to which they legitimately aspire, our three Heads of State are working diligently to strengthen this regional entity which already has a Permanent Executive Secretariat. The annual summit conferences and the frequency of meetings of various technical ministries bear witness to the special value attached by its founders to this institution.

Nature, geography, history and the blending of frontier populations are all factors arguing in favour of the combination of efforts, wills and the necessary resources to buttress the newly formed economic organization of the Great Lakes.

While viability is nevertheless subordinate, in the first place, to the political will of our Governments, which naturally preside over its destinies, it is also quite certain that its success will depend upon the assistance and valuable contributions of other States and international organizations. This forum provides the delegation of Burundi with an opportunity to express its gratitude to UNCTAD and UNDP for the mobilization of resources, technical personnel and funds to help start up the Economic Community of the Great Lakes Countries.

An undertaking of such scope can be successful only with the participation of reliable and alert partners. In this connection, the Executive Secretariat of our Community has made contact on various fronts, chiefly with a number of Western States, in the first place to inform them of the existence and aims of the organization and then to associate them with the fate of this young organization by virtue of the traditional and historic links which our region has forged with them.

It is in this context that, in January last, the delegations of Burundi and Zaire at Geneva approached the ambassadors of Belgium, France, the Federal Republic of Germany and the United States of America. At those meetings, special stress was laid on the action to be taken by the Governments of those countries, most of which are already our associates within the framework of the European Common Market.

*The Kagera project*

On another front, the Republic of Burundi has prepared a scheme for the exploitation and development of the Kagera River Basin. In addition to my country, the Republic of Rwanda and the United Republic of Tanzania are participating. The three Governments are sparing no effort to ensure that the launching of this project, which will be the first stage in the intensification and acceleration of the industrialization of the region, takes place very shortly. It is hardly necessary to dwell upon the importance attached by our Heads of State to this scheme and their conviction that the creation of regional economic integration is an obvious and essential step towards true development.

They would like other parts of Africa to follow this example of integration and for groupings of this kind to snowball across the whole continent and spark off unity on a global scale.

*The aspirations of some and the apprehensions of others in the face of the spectre of the transformation of the world economic system*

At a time when the outlines of a new world economic system are emerging on the horizon, there is a confrontation between two opposing forces: those working for the transformation of structures so as to adapt them to the needs of all peoples, and the supporters of the *status quo*, or those who would at most agree to superficial

changes incapable of affecting the substance of the existing order. Extremist stands on either side will not help the cause of the Conference. Moreover, if the Conference were compromised, the results already achieved could well fade away and efforts diminish. For the benefit both of those who fear restructuring and those who clamour for it, it might be useful to define it, as a first step, in order to reassure the former and to identify the real objective of the latter. If the economic system is to be given a new direction, it is not enough to anathematize it *in toto*; the first step is to single out those of its aspects which are incompatible with the right to life of any section of the world's population, and to demonstrate where adjustments could be made that would be beneficial to the whole human race.

*The present order, the creation of architects working to a unipolar design*

The present system still includes the heritage of the mercantile epoch and the colonial area. It is still possible to sense the practices then prevailing in one or the other case, for trade is devoid of altruism. Even today, it is still deeply marked by a distinct egocentrism of States and companies.

Our world, which has received a legacy from mercantilism, the remote ancestor of the present order, and from colonialism, its immediate ancestor, finds difficulty in accommodating itself to either at the present time. The architects of the system, whether through ignorance or calculation, ingenuousness or ingenuity, created an order modelled on their own way of life, their own needs, tastes, aspirations and inclinations, in accordance with a unipolar design. As a result of a colonial structure almost planetary in its scope, the commercial, economic and monetary apparatus of the world was derived from a system originally designed for circumscribed human societies in a particular and uniform geographical area and for limited periods of historical time. Yesterday the actors were homogeneous, whereas today they are manifold and heterogeneous, while economic circumstances and new trading contingencies militate strongly in favour of the revision of an order which, although deeply rooted in mentalities and habits, has already become outmoded on account of the new configuration of the modern world.

The renewal to which the third world aspires is tantamount to the humanization of the international economic system or in other words to its liberation from egocentric propensities and trends.

The proposed new economic order will have to be built on more than one principle and thus be both humanitarian and altruistic. How could it be otherwise when the components of the human community, namely, our States, are determined henceforth to be so many decision-making centres and producers of ideas, as well as equal partners having the same voice in the

authorities presiding over the economic destinies of our peoples? And what else do we mean by that, if not that the human being is to occupy the central place in the hoped-for economic order as the sole purpose of that order?

In that perspective, the establishment of new economic structures is not to be envisaged or apprehended as a kind of seismic disturbance intended to raze to the ground the whole existing order, but rather as a relationship of interaction and interdependence, derived from rules adapted to contemporary realities.

*The juxtaposition of superabundance on the one hand and bare subsistence on the other bedevils the search for peace*

It is important that the negotiations taking place at various conferences concerned with economic or trade matters should proceed in a climate of agreement, conciliation and compromise. The obstacles raised by certain circles or certain speakers during the discussions and the interminable and inexorable private meetings help to exacerbate the bitter frustration of the Group of 77. The wealthy States, for their part, become indignant at the accusations allegedly aimed at them as scapegoats by the have-nots of the third world, and these in turn are accused of uttering threats or prophesying future conflicts. Even on the supposition that the inequalities complained of are ascribable to imaginary or fictitious causes, how can peace be preserved as long as some wallow in opulence and others are reduced to bare subsistence? There would be no point in the North-South dialogue if its ultimate aim were not to modify the exclusive right of entry to the feast, whatever the identity of the revellers, and to break the monopoly of poverty wherever it is rife.

A sense of realism undoubtedly urges us not towards a mathematical equation or a blind egalitarianism among all the earth's inhabitants but rather towards the eradication of the flagrant disequilibrium between them. What is at stake is nothing less than the right of all peoples to a relative comfort, one that is proportionate to their needs and adapted to their respective circumstances.

It has thus seemed essential to us to determine the problem and to place it in its proper context, so as to arrive at the true meaning of the establishment of this balanced system. Such a system would involve, in the nature of things, adjustments by both sides. Its establishment would not have the effect of wiping out legitimate rights or destroying advantages acquired by worthy and honest efforts, but would rather entail the democratization of business and trade and the restoration to its proper place of the sacrosanct principle of comparative advantage that governs trade: in short, the equitable and fair distribution of the fabulous resources with which nature has so abundantly and so generously endowed our planet.



**Statement made at the 165th meeting, on 18 May 1979,  
by Mr. Mikhail F. Zavorotnyi, Byelorussian Soviet Socialist Republic**

We should like first of all to convey our sincere greetings to the Government and people of the Republic of the Philippines and to Mr. Ferdinand Marcos and Minister Imelda Romualdez Marcos for their unflinching devotion to our Conference and its participants and for the hospitality they have shown us.

The period between the fourth and fifth sessions of the Conference was marked in international life by active efforts to promote the process of *détente* and to expand international co-operation.

The General Assembly's special session on disarmament in particular may be counted among the successes of recent years. The resolution of economic problems and the restructuring of international economic relations on an equitable basis will depend largely on the extent to which the problem of halting the armaments race is solved and on the extent to which political *détente* will be matched by military *détente*. The alternative is that the armaments race, absorbing an increasing portion of the material and intellectual resources of mankind, may not only frustrate efforts to resolve the problems of economic development but may also jeopardize the existence of life itself on our planet.

I should like to point out in this connection that the diversion of the unproductive expenditure on the arms race to peaceful and constructive purposes would provide substantial additional resources for development. In the final document adopted by the tenth special session of the General Assembly devoted to disarmament, it was stressed that resources released as a result of the implementation of disarmament measures should be devoted to the economic and social development of all nations and contribute to the bridging of the economic gap between developed and developing countries. An important step in this direction would be the implementation of the Soviet proposal that States with great economic and military potential should reduce their military budgets to a uniform level and to set aside 10 per cent of the resources thereby released for increased aid to developing countries. The Committee of Foreign Ministers of States Parties to the Warsaw Treaty, at a session held at Budapest during the fifth session of the Conference, proposed *inter alia* that the introduction of measures to reduce the military expenditure of States possessing the greatest military and economic potential should be speeded up.

It must not be overlooked, however, that the further progress and strengthening of the independence and sovereignty of the developing countries and the broadening of equitable international co-operation are being resisted by forces which are motivated by a single purpose: how to keep the developing countries from embarking on a more progressive path of development and how to preserve them as a market for finished industrial goods, as a source of raw materials and as an area for highly profitable capital investment. These forces are trying to preserve the colonial and neo-colonial systems and even to expand their area of dominance. A glaring

example of this is the current situation in the Middle East and in southern Africa, about which representatives of a number of developing countries have already spoken here, not to mention the manifestations of hegemonistic ambition noted in the statement of the distinguished representative of the Socialist Republic of Viet Nam.

The Byelorussian people has deep understanding for the struggle of the peoples of countries to free themselves from colonialism so that they may once and for all break loose from the fetters of colonialism and neo-colonialism, overcome economic backwardness in an historically short time and embark upon the path of social progress.

The strengthening position of developing countries in international economic relations is closely linked with profound internal transformations, which will lead to a final break with the aftermath of colonialism in their political, economic, social and spiritual life.

Some speakers spoke here about the advantages of a market economy and recounted their help to developing countries. It is well known, however, that those developing countries which are locked in the world capitalist economic system occupy a subordinate position within it, with all the attendant consequences: intensification of social inequality and exacerbation of the problem of social and economic development for the entire people rather than for a tiny elite.

The most favourable opportunities for economic and social progress are created by socialism, as witnessed by the experience of the Byelorussian SSR.

Before the triumph of the Great October Socialist Revolution in Russia in 1917, Byelorussia was a backward outpost of Czarist Russia. Eighty per cent of the population was illiterate and *per capita* income was lower than it is today in most developing countries. As a result of the introduction of radical social and economic changes within the fraternal family of Soviet peoples, Byelorussia has been transformed into a flourishing socialist republic with a high level of economic, scientific and cultural development and a steadily improving standard of living. The exploitation of man by man, poverty, unemployment, discrimination, all forms of inequality and domination by foreign capital, and economic crises have disappeared forever from the life of our people. At the present time more than 70 per cent of all workers in industry have a higher and complete or incomplete secondary education. It must be remembered that, during the Second World War, Byelorussia, as a result of the atrocities and terror of the Hitlerite occupation, lost more than 2,200,000 people, or every fourth inhabitant. More than half of the Republic's national wealth was destroyed and its economy reduced to the 1913 level, a regression of decades.

Thanks to the hard work of our people and the unselfish assistance of the fraternal peoples of the Soviet Union, the wounds of war have been healed,

though certain demographic, moral and other consequences continue to be felt. Suffice it to say that the pre-war population level was reached only in recent years, decades after the end of the Second World War.

The volume of industrial production in the Byelorussian SSR is now more than 200 times as high as in the pre-revolutionary period; a diversified modern industry has been created and its products are exported to more than 90 countries.

As an integral component of a unified economic complex embracing every facet of social production, distribution and exchange in the territory of the USSR, in accordance with its specialization role in the USSR economy, the Byelorussian SSR produces nearly every second ton of potash fertilizer, every seventh tractor and metal-cutting lathe, every fifth motorcycle, every sixth ton of chemical fibre, every tenth refrigerator, every twelfth television set, every eighth wrist-watch, every fifth ton of flax fibre and every sixth ton of potatoes.

The Byelorussian SSR provides a clear-cut example of how under socialism the problem of eliminating inherited differences in levels of economic development of different peoples can be successfully overcome and how these discrepancies can be quickly reduced and eliminated.

We are convinced that in the developing countries the essential precondition for transforming the structures to accelerate economic growth is the introduction of radical social and economic changes that benefit the population at large. An important role in this is played by the establishment and strengthening of the State sector in the economy, industrialization, elimination of backward forms of landownership, agrarian reform, securing of genuine sovereignty over natural resources, subordination of the activity of the private sector of the economy to national interests, nationalization of foreign enterprises, just income distribution, introduction of State-wide planning in the economy and a co-ordinated approach to development analysis and planning, training of national specialized personnel, and so forth. The key to accelerated social and economic development in every country is effective mobilization and promotion of the use of available domestic resources.

Many of the previous speakers have rightly noted that a large share of the responsibility for the disruption of the currency and trade markets is borne by transnational corporations. Manipulating their investments on an international scale, these monopolies, through their financing policy and their control of markets, impose on developing countries conditions incompatible with their national plans for economic and social development. These corporations interfere in the political life of countries and continue the predatory exploitation of their natural resources. Attention should be drawn to the danger of the concept of "interdependence", as pro-

pounded by several representatives, which is in essence aimed at weakening the role of national States in the economic field, and making the policies and activities of the Governments of developing countries serve the interests of international monopolies.

It is therefore crucial to introduce effective measures to eliminate and counteract the harmful results of the activities of transnational corporations in the developing countries and to subordinate those activities to national development plans.

The delegation of the Byelorussian SSR feels that UNCTAD should devote greater attention to the study of the harmful results of the activity of transnational corporations on the economies of the developing countries.

The delegation of the Byelorussian SSR rejects as unwarranted the appeals to the socialist countries to share the responsibility for and the material costs of neo-colonialism, and of eliminating the effects of colonialism and of the trade and monetary crisis in the capitalist economies, which have nothing to do with the socialist countries.

Sharing the legitimate concern of the developing countries about the problems facing them in the capitalist sector of the world economy, the Byelorussian SSR will continue to support them, in its unwavering desire to make a constructive contribution to the joint efforts of States to restructure international economic relations on a democratic and fair basis, to establish a new economic order, to eliminate all discrimination and to put an end to the exploitation of the natural and human resources of the developing countries by the imperialist monopolies. We view this as the immediate continuation of the struggle against imperialism and colonialism and unswervingly support the progressive principles set forth in the Charter of Economic Rights and Duties of States and in the decisions of the General Assembly at its sixth special session, the implementation of which would be extremely important in countering the intensifying neo-colonialist pressure characteristic of this period.

In participating in the work of the fifth session of the Conference, the delegation of the Byelorussian SSR is moved by the need for progress, particularly on such problems as the transfer of technology, including the preparation of a code of conduct on the transfer of technology, industrial export opportunities, including improvement of the system of preferences, shipping, restrictive business practices, trade between countries with different social systems, and action to help resolve the problems of the least developed, land-locked and developing island countries.

Our delegation feels that the main task of the fifth session of the Conference is to make a positive contribution to ensuring the dynamic progress of the peoples of all countries.

**Statement made at the 150th plenary meeting, on 9 May 1979,  
by Mr. L. A. H. Smith, Co-ordinator for Development Policy, Department of External Affairs of Canada**

Mr. President, your election to preside over the fifth session of the United Nations Conference on Trade and Development is an expression of the confidence which the participating nations have in you. Your task will not be easy, given the important and complex economic and social issues on our agenda. We congratulate you on taking on the challenge and we pledge our support and co-operation to assist you in guiding the Conference to, we trust, a successful outcome.

We would like to express our appreciation to the Government of the Philippines for the truly impressive facilities and hospitality extended to us. It is our hope and expectation that this atmosphere of friendship and cordiality which has been created in welcoming us will continue to pervade our discussions throughout the Conference.

The Canadian Secretary of State for External Affairs has asked me to express his regrets that he cannot be here at this early stage—for perhaps understandable reasons related to our electoral process—but he asked me to convey to you, Mr. President, his most sincere wishes for a fruitful meeting.

In the context of the Arusha Meeting of the Group of 77 earlier this year, President Julius Nyerere of the United Republic of Tanzania observed that change was not only desirable but inevitable. This theme, from one of Africa's most distinguished leaders, sums up Canada's central approach to what has become known as the third world. Change is desirable because gross disparities in income levels between wealthy and poor and the spectre of hundreds of millions of people still living in absolute poverty cannot be tolerated by any thinking person. Change is also inevitable because we simply do not have the option of deciding whether to change or not. The process of change is evolutionary, continuous and, if we are to be frank with ourselves, frequently beyond the control of Governments. What we must do is decide, within the limited ability of Governments to intervene in these processes, and in the common interests of our increasingly linked economies, how we may attempt to influence the changes, prompting those which should be accelerated, retarding those which need to be contained, steering those which can be redirected, to ensure that our evolving international economic order will bring benefits to all nations and all peoples. What we obviously cannot do is think that simple exchanges of words, or the drafting of elaborate resolutions, will in themselves have any impact on the world beyond our doors—unless they are based on the realities of those forces that shape our world.

In reference to his own experience in the United Republic of Tanzania, President Nyerere has also said: "To plan is to choose." Here, within UNCTAD, choice is required, not only in terms of priorities but in the instruments, trade, financial or administrative, chosen to deal with change. Choice is required in the way we combine these instruments and in the manner in which we deal with their intended consequences and with the

sometimes serious side-effects they may produce on growth or distribution.

Given the inevitability of change and the possibility of choice, should we be encouraged or discouraged by our record to date? There are grounds for being both. Without question there has been progress, as our Secretary-General pointed out in his excellent and comprehensive remarks to us yesterday. The past 25 years have, in historical terms, been a period of unprecedented growth for the developing countries, measured by both their GDP and their *per capita* incomes; standards of housing, education, health, nutrition, life expectancy have all climbed. It would be as foolish to ignore these signs of change in the right direction as it would be to describe them as adequate. The challenges remain all the greater because we are moving.

That rates of change and economic progress vary significantly from country to country should come as no surprise to any of us. Each nation of our world has different natural resources, population sizes, geographic locations, territorial areas, productive capacities, structures of society and national ideals. We recognize at least some of these distinctions in the battery of names which has become part of the international jargon—the least developed, the island developing, the land-locked, the most seriously affected countries, the middle and upper-middle income countries, the newly industrialized countries, the oil-exporting countries, and so on.

Of these, the middle income and upper-middle income countries have enjoyed the greatest economic success. They have been experiencing increases in real GNP and *per capita* GNP at considerably faster rates than the developed countries. Some have become highly industrialized with a growing share of the international production and trade in manufactures. The *per capita* incomes of some developing countries now surpass those of some developed countries. The futurists and think-tankers like to project these trends into the future. It has been estimated that, over the next two decades, developing countries with a population of some 500 million persons will meet all the criteria for being classified as "developed", and that many others will be moving along the same path. Whether or not we agree with such terminologies, the entire international community should take some satisfaction from the trend.

The progress achieved by these countries should not, however, lead us to complacency about the development process. Poverty and human misery remain at intolerable levels in our global village and must be the focus of concerted and concentrated attention. Those countries with lower growth rates must be helped to catch up. Major issues related to financial resources, food and agricultural development, industrialization, energy, market access, transport and technology transfer remain unresolved.

But the successes achieved demonstrate clearly, we believe, that our international system, in spite of its need for reform, is evolving and can accommodate

change. Many of the issues to be addressed in this Conference are in fact by-products of movement. We should be encouraged that we are dealing, in these cases, not with problems of stagnation but with the adjustments required because of a dynamic process of change and the shifting structural base of the international economy.

I believe we should view the essential task before this Conference not as one of attempting futilely to turn back the tides of history, not as one of attempting vainly to preserve privilege or advantage, but rather in the positive spirit of how we can work better together for mutual benefit within a rapidly changing world. We are not engaged in a zero-sum game, where someone's gain represents another's loss. Rather, we should all see ourselves as members of an interdependent family of nations where each of us has a growing capacity to help each other, or to harm each other. Both aspects have been demonstrated in recent years. With inflation, unemployment, industrial slack, exchange rate fluctuations and financial crises besetting many of our economies, there has been a natural tendency for Governments in both developed and developing countries to seek short-term national answers to immediate serious problems. We sometimes forget that, in our world where interdependence is an increasing fact of life and not just a slogan, economic interrelationships are becoming so strong that one country cannot resolve its basic problems in isolation from the international community. Let us, through this Conference, attempt to restore the longer-term perspective of an interdependent community of nations based on enlightened self-interest.

The Conference meets appropriately for the second time in Asia. When this Conference met at New Delhi, just over a decade ago, the process of articulating development issues had just begun. Today, we meet in Manila, when the process of substantive negotiation has, in reality, just begun. The first, second and third sessions of the Conference were instrumental in leading the world community to a definition of goals and objectives for the international development process. The proposals for economic change articulated in the sixth and seventh special sessions of the United Nations General Assembly now constitute much of the current agenda of development issues. The fourth session of the Conference set the stage for moving from the comprehensive listing of major issues to the process of actual negotiation. If the fifth session is to be an effective instrument for promoting change, it too will have to choose carefully those issues on which it can exercise leadership and adopt an approach that will evoke the confidence of all member States.

It should not surprise us that the process of negotiation is not smooth, that it is time-consuming and that its results involve compromise. The issues under negotiation are of great complexity and importance. Governments differ on the most appropriate remedies to problems; not all changes will bring comparable benefits; not all benefits will be equally distributed.

The strength of UNCTAD lies in its adaptability to changing circumstances. Three distinguished Secretaries-General, including our present Secretary-

General, have built UNCTAD into a deliberative and negotiating organ of major importance to the international economic system. Part of our task is to ensure its future effectiveness.

UNCTAD has a unique opportunity under its mandate to give emphasis and impetus to negotiations which will benefit large groups of developing countries, perhaps in different but equally desirable ways.

The successful outcome of the Common Fund negotiations recently in Geneva serves as a noteworthy example. We regard this as a major accomplishment and we will work to ensure that the potential benefits of the Common Fund are widespread for countries which differ from each other in resources endowment and production potential. Canada will at an appropriate stage be prepared to make a voluntary and sizeable contribution to the Fund's second window, including a portion of the \$1 million equal assessment, subject of course to parliamentary approval.

UNCTAD also has the opportunity to complement the work being pursued in other bodies. The multilateral trade negotiations offer important tariff reductions and new rules to deal with non-tariff measures which will benefit all trading countries. We should welcome these results as a demonstration of our commitment to resist protectionist pressures. Obviously, none of the participants' declared objectives will be fully realized; that is the essence of the negotiating process. It was the case for Canada as well as others. However, all of us are going to realize at least some of our objectives and we all stand to benefit from freer world trade and strengthened rules to guide the trading system. Developing countries will benefit from concessions exchanged in the multilateral trade negotiations by the major industrialized trade nations on an MFN basis as well as from more direct negotiations, some of which remain to be completed. A number of developed countries have already implemented concessions on "tropical products" of particular interest to developing countries. In Canada's case, these concessions covered, in 1977, approximately \$150 million of tropical product imports from developing countries. In addition to these general and specific improvements in market access for developing country exports, the Tokyo Round will result in building into the GATT system specific provisions designed to meet more fully the special needs and circumstances of the developing countries.

As a global body concerned with trade and development issues, UNCTAD, through its universal membership, must demonstrate that the development process requires a co-operative and collaborative effort rather than a confrontational approach. No single nation or group of nations can expect to achieve domestic development goals or international economic reform solely through its own efforts. Our global population and our national economies have too many linkages to make such an approach feasible. Our choice then lies in determining which of our international institutions can best perform which tasks. The relations of UNCTAD with other international institutions would seem best served by ensuring that each body works effectively within its respective mandate, and co-operatively where areas of responsibility intersect.

The developing countries have often pointed out that they bear the essential responsibility for their own development. Their own resources account for over 80 per cent of development expenditures. External concessional resource transfers, while important for some countries, are but a marginal addition for many. Decisions about the internal distribution of investment, trade-offs among competing alternatives, and allocations among economic and social programmes are choices which can only be made by national Governments and authorities, within the international constraints of the economic system. The choices we can make collectively to contribute to the development process and complement the efforts of national Governments must be seen in the appropriate perspective if we are to assist in the evolution of that economic system.

In part, the wisdom of our choices depends on a realistic assessment of the factors which determine what Governments can do. Public support for domestic and foreign policies which promote the development process is essential. This is particularly so in industrial countries during periods of economic difficulty. Proposals which would restructure industrial production or trade patterns may more easily be endorsed if benefits to producer and consumer can be portrayed clearly. Decisions affecting investment in developing areas, or industrial adjustments, require active collaboration of decision-makers in both the private and public sector. Many proposals affecting the interests of developing countries involve decisions taken on the basis of commercial criteria where the role of government is limited to establishing appropriate conditions within which private businesses can operate.

The objectives of Canadian policy are to promote more rapid economic growth in those countries which need it, to encourage broadly based participation in the development process, and to contribute to an orderly evolution of the economic system through a variety of policy instruments. For these ends we seek programmes that are practical and efficient which will serve effectively the interests of both developing and developed countries.

Canada believes this session of the Conference will be particularly significant in setting the atmosphere for international co-operation in the 1980s, in deciding whether as a community of nations we can continue to work together in harmony, or fly apart in acrimony and intolerance. Canada will do its full share to set a constructive tone. We look forward positively to the special session on development of the United Nations General Assembly and the elaboration of an effective new International Development Strategy.

Satisfactory evolution of international economic relations depends perhaps as much on the manner in which we choose to approach these problems as it does on the issues themselves. We have been concerned about some of the rigidities of the group system which can conceal areas of common interest and flexibility and encourage an adversary approach. For this Conference let me echo

the stirring words of Mrs. Marcos and propose two new groups. In one group let us place all our problems. In the other group let us place all the members of UNCTAD, united in our confrontation with the first group. Let us also be realistic about the complexity as well as the urgency of the problems we confront. Many are highly technical and are not easily solved. Nations and peoples are, however, impatient and we cannot slack our efforts. We need long-term dedication and continuity of effort. Canada believes that economic progress is most commonly achieved by incremental processes of adaptation and accommodation. Our work will be more effective if it promotes evolutionary change.

Canada is committed to strengthening and improving the capacity of all countries to participate effectively in the international economy. Our substantial development assistance expenditure of over \$1 billion annually is oriented primarily to the poorer countries and is designed to respond to the needs and priorities as they are determined by developing countries. For the least developed countries, it is provided entirely on a grant basis and we have converted their outstanding ODA debts into grants. Currently, efforts are being made to improve the quality and efficiency of the programme and maintain its high rate of concessionality.

In trade matters we shall continue to work through GATT and elsewhere to resist protectionism, to promote differential treatment according to the trade needs of particular groups of countries, to elaborate a code on the use of safeguard measures which will clarify their application and reduce uncertainty and which will accommodate developing country interests. Active consideration is being given to the manner in which our scheme of tariff preferences for developing countries can be improved.

We have been attempting to broaden and improve techniques for bilateral economic co-operation with developing countries. Recently, an agreement on trade and economic co-operation between Canada and the members of CARICOM has been signed. A further example is the approval now granted for the establishment in Canada of a Trade Facilitation Office to assist less developed countries in identifying Canadian markets for their goods.

In the coming weeks, we shall indicate our positions on the specific items covered by our agenda. We are anxious to support efforts to improve the effectiveness of UNCTAD itself in fulfilling the objectives of its mandate for trade and development. We shall work to achieve a clearer understanding of the relationship of UNCTAD to international and intergovernmental organizations and institutions which have specific roles to play in international economic relations. In doing so, we shall seek to assist UNCTAD in choosing the approaches that will contribute most beneficially to the development process and to an international economic system that will provide encouragement for all countries to realize their potential.

**Statement made at the 151st plenary meeting, on 9 May 1979,  
by Mrs. Marie José Kossi Maythongol, Minister for Transport,  
Trade and Industry of the Central African Empire**

On behalf of His Imperial Majesty, Bokassa I, Emperor of the Central African Empire, of his Government and of his people, united behind his great single party, MESAN (Movement for the Social Evolution of Black Africa), the delegation of the Central African Empire, which I have the great honour to lead, wishes to offer a friendly greeting and, on this happy occasion, to extend its best wishes for success, prosperity and happiness, and to express its profound gratitude for the very warm welcome and legendary hospitality of our host country, the Philippines, to Mrs. Marcos, Governor of Metro Manila and Minister for Human Settlements, to Mr. Ferdinand Marcos, the illustrious Head of State, and to the Government and valiant people of the Philippines.

To you, Mr. President, on my behalf and on that of my delegation, I have the special pleasure and agreeable duty of extending my congratulations on your richly deserved election to the presidency of the fifth session of the United Nations Conference on Trade and Development, which is now being held in this beautiful and magnificent city of Manila, the capital of the Philippines. Our congratulations also go to the other members of your Bureau.

Permit me to point out that the fifth session of the Conference, whose importance will escape no one, has a dual significance. It is undeniably important in that it is being held towards the close of the Second United Nations Development Decade, which was proclaimed by General Assembly resolution 2626 (XXV) of 24 October 1970 relating to the International Development Strategy for the Decade.

This session of the Conference is all the more important in that its opening coincides with a time of widespread economic crisis, which is undoubtedly most severe and serious for the third world. This gives us an opportunity, after a searching scrutiny of the international economic situation in general and in particular the situation of the great majority of the world's population, which is still sunk in extreme poverty, to draw the necessary lessons and above all to reflect on and search together for new forms of international co-operation that will be fairer and more equitable for the development of each and every one of us.

The speakers who have taken the floor before me have drawn attention in their statements to the principal items on the agenda for the session. It is therefore unnecessary for me to dwell on them. May I point out, however, that although numerous resolutions concerning the establishment of a new international economic order have been adopted at the sessions of the General Assembly in New York or in the different international organizations, there is no perceptible sign of their implementation. Although the principles of this new international economic order are finding increasing acceptance in the international community, the progress made in applying them is infinitesimal.

It is important to emphasize, therefore, that the development measures agreed upon by the time of this session of the Conference comes to a close must not remain pious hopes but must be given practical effect.

Accordingly, it is for us, as the injured party, to provide the framework in which our objectives can be achieved at the national, interregional and international levels.

As far as my own country, the Central African Empire, is concerned, the original development strategy is essentially based on "Operation Bokassa".

Since becoming head of the nation's affairs in January 1966, Bokassa I, Emperor of the Central African Empire, having regard to our geographical position as a land-locked country, which is a serious impediment for the people of the Central African Empire and a very grave handicap for their economic development, has introduced three successive master plans for the economic and social development of the country over whose destiny he continues to preside.

I shall confine myself to indicating the major themes and priorities of these plans without entering into details: opening of the Central African Empire to the outside world and interaction or interrelation between the different regions of the country through infrastructure improvements of every kind and trade expansion; development of unexploited or insufficiently exploited resources.

The following priorities have thus been set: making the country less isolated; developing human resources; developing physical resources; promoting industry, tourism and mining.

However, we do not believe that the efforts undertaken as part of Operation Bokassa will be truly successful unless changes are made in the deplorable economic system that now exists, international co-operation is made more open and more just and the countries of the second world acquire a keen awareness of the situation of the less developed, land-locked, island and newly independent countries.

Without such co-operation, all efforts to bring about the economic development of these countries will be doomed to failure.

We believe it is normal for land-locked countries, which are usually immensely rich in natural resources, to be able to exploit these resources, transport them in fair conditions and sell them at remunerative and competitive prices.

My country, the Central African Empire, which possesses enormous natural wealth, is a case in point. A wide variety of forest species, coffee, cotton, etc., grow on the land, and its subsoil abounds in diamonds, uranium, iron, gold, etc.

However, these potential riches are of little value for the mass of the people unless they are effectively ex-



exploited and widely marketed, and this entails a minimum of communications facilities. Unfortunately, however, our land-locked status and the resultant transport and transit problems are a major barrier to the harmonious development of our beautiful country. For instance, for more than 15 years, the Central African Empire has been seeking financing for a railway line connecting Bangui, the capital, with the ocean.

However—and this is deeply regrettable—we have always been refused such financing and been prevented from building the railway on the selfish pretext that the project will be uneconomic.

We have come here to Manila in the expectation and hope of a renewal. We firmly believe that the fifth ses-

sion of the Conference, which is being held towards the close of the Second United Nations Development Decade, will have fruitful results and that these will mark a turning-point in the history of international economic relations and the emergence of balanced and harmonious development based on the theory of concentric circles.

These are the few points which the delegation of the Central African Empire wished me to emphasize on its behalf in this brief statement, it being understood that any proposals and suggestions it may have will be made in the different committees and working groups and will, we hope, contribute to the complete success of our Conference.

**Statement made at the 156th plenary meeting, on 11 May 1979,  
by Mr. Enrique Valdés Puga, Deputy Minister for Foreign Affairs of Chile**

It is a particular pleasure for me, as the representative of Chile, to take part in an international debate of such overriding importance as the present one in the friendly setting of this great country of the Philippines, which has deep-rooted bonds of culture, history and friendship with my country and with the peoples of Latin America. The guidelines set out by President Marcos in opening our deliberations, as well as the moving message of Mrs. Marcos, have created an auspicious climate for the difficult task before us. The generous and magnificent hospitality that we have received from the Philippine authorities and people will make a powerful contribution to the success of this Conference and call for our gratitude.

Through you, Mr. President, the delegation of Chile wishes to convey its thanks to your Government and, at the same time, to express to you its sincere congratulations on your well-deserved election to guide our work.

We consider that election a fitting tribute to the services which you have rendered the United Nations since its foundation 34 years ago. Your contribution, first as a drafter and signatory of the San Francisco Charter and later as President of the General Assembly, was an auspicious beginning to the fruitful participation of the Philippines in the activities of the Organization.

For the fifth time, the international community is meeting in this great assembly to confront the immense task of creating a world in which international peace and security may be provided with a solid foundation through the establishment of just and equitable economic relations and a genuine solidarity which will lead the industrialized countries to co-operate in the development of the majority of the world's population who, in the second half of the twentieth century, continue to suffer hunger and want.

With growing impatience, the eyes of two thirds of mankind are turned today towards this meeting in search of answers and solutions to the mass of frustrated aspirations generated by the whole process of the recent North-South dialogue, which, as we are well

aware, failed to live up to the expectations aroused at its inception.

This fifth session of the United Nations Conference on Trade and Development is taking place at a difficult time for the world. Fifteen years have passed since the first session, held at Geneva. Since then, the international economic situation has undergone sudden changes which call for rapid and continuous adaptation on our part if we are to find adequate and effective solutions to the most fundamental problems.

The inescapable conclusion is that the aspirations of the developing countries are still far from satisfied and, in some cases, there has been a worsening of problems, a situation which unquestionably makes negotiations even more difficult.

Nor can we fail to recognize frankly that little progress has been made since the last session of the Conference, at Nairobi.

The obvious failure of the so-called North-South dialogue, and the stalemate reached in many specific negotiating bodies, do not leave room for much optimism with regard to the coming years, unless we all, on this occasion, assume our full responsibilities and obligations in the task of bringing about a new international economic order. The attainment of this major objective calls for two basic ingredients: negotiations undertaken with imagination and the courage to convert words and good intentions into actions which will break with a past that has been weighted heavily against our peoples.

Following the transfer of the international economic negotiations to the framework of the United Nations—thus far also with disappointing results—we have come to Manila still with the hope that perhaps here we shall at last succeed in taking the steps which will provide a new and more fruitful impetus towards the establishment of the new international economic order. This is the goal for which Chile—fully identifying and united with the other countries of the third world—is striving.

We are convinced that, as was stated quite clearly by the non-aligned countries in the Declaration adopted by their Foreign Ministers in Belgrade in July of last year, "fundamental structural changes in existing economic relations through the establishment of the new international economic order would be an important way out of the present crisis". In this regard, we believe that the Arusha Programme, to which we fully subscribe, establishes the appropriate framework for this reform, which becomes daily more urgent.

The changes that have taken place in the international economic situation have necessitated, on the part of almost all countries, adjustments and adaptations which in most cases have had negative social and political consequences. Nevertheless, the developed countries, in particular, have shown themselves very reluctant to assume their responsibilities in this context, an attitude which, in the area of trade, has resulted in the unleashing of a wave of protectionist measures.

It is well known that the non-petroleum-exporting developing countries, such as Chile, have made a considerable effort to adapt to the new economic conditions. As part of the measures adopted, some countries have elected to open their economies to foreign trade, but this obviously calls for guarantees of access to markets.

We note with dismay that the principal markets are being closed to precisely those goods in respect of which we have achieved international levels of competitiveness and efficiency. For 30 years we have been part of a system of international trade that is supposedly open and free. While we endorse the premises on which this system is based, we nevertheless believe that fundamental reforms are needed in order to imbue it with greater discipline. However, we are coming to a point where we will be unable to continue to renew our confidence in this system, in view of the fact that the principal trading Powers are the first to abuse, if not its letter, at least its spirit and principles.

The multilateral trade negotiations, too, have failed to achieve results approaching the objectives set out in the Ministerial Declaration of Tokyo.

The campaign to liberalize trade must not become bogged down in those negotiations; precisely because of the lack of results achieved, we must renew our resolve to improve and liberalize the system of international trade. Chile has made significant progress in this direction.

In 1973, we had an average customs tariff of almost 100 per cent, in addition to innumerable non-tariff barriers which, to all intents and purposes, cut us off from all foreign trade. In sharp contrast, next month will mark the culmination of an intensive process of tariff reduction, and there will be no customs duty exceeding 10 per cent, with the exception of those levied on a number of items in the automotive sector. Furthermore, we do not apply any non-tariff barriers. In the course of the GATT multilateral trade negotiations, we made an offer to contribute, which I wish to emphasize, by consolidating the general level of tariffs at a percentage less than half that at present negotiated for Chile in GATT, with the exception of part of the automotive sector. We

have been firm in maintaining that contribution, even though we are aware that the benefits that we will receive in the form of concessions by other countries fall very far short of maintaining some degree of equilibrium with our offer.

Despite the frustrations that we have experienced in attempting to improve the terms of access to markets for our exports, particularly the non-traditional exports, we are aware of the need to contribute to the expansion of trade. I am gratified to be able to announce here the decision of the Government of Chile to go still further in this area if we receive from the developed countries offers substantially below those currently made.

At the same time, we call on other countries, particularly the developed countries and those developing countries in a position to do so, to set a single tariff ceiling for all products. There is no doubt that such a measure would revitalize the resolve to liberalize trade which the Contracting Parties to the General Agreement on Tariffs and Trade inscribed in the preamble to the Agreement more than 30 years ago. Furthermore, it should also be emphasized that it would lend added security to trade and would constitute an effective measure against protectionism.

The protectionist spiral which unfortunately overshadows the present economic scene is particularly damaging to the developing countries, since many of the restrictive measures adopted adversely affect commodity trade, which is the main source of revenue for those countries. Furthermore, this situation is seriously disrupting their development plans and programmes, which are in many cases based on diversification of trade in manufactures and semi-manufactures.

In the light of this situation, the developing countries are demanding, with full justification, that the Conference should adopt at this session clear-cut policies designed to curb this protectionist trend, which conspires against the progress of the developing world and is also dangerous in that it generates tensions which contribute to the political and economic instability of the international community by bringing the rich countries into conflict with those that form the vast majority of mankind.

We therefore ask this Conference to make the fight against protectionism one of the priority concerns of UNCTAD for the coming years. In view of the urgency and gravity of the problem, we believe it would be desirable to set up, as a subsidiary body of the Committee on Manufactures, a special committee to report on, evaluate and promote a *status quo* agreement in respect of illegal and unjustified trade protection measures.

Protectionism must also be dealt with through specific actions designed to strengthen the process of adjustment of the industrial economies, not only by dismantling barriers to trade, but also by promoting industrial restructuring. In this regard, I wish to place on record our very great satisfaction at the recent success of efforts to transform UNIDO into a specialized agency. This independence will undoubtedly enable UNIDO to play a more active role in industrial restructuring, in



which task we now call for co-operation and co-ordination with UNCTAD.

My Government considers the question of ECDC to be of the utmost importance, and it believes that the international community should make every effort in that direction, with imagination and political will.

At the same time, we deem it essential that such co-operation be directed largely towards benefiting the least developed among the developing countries, thereby combining collective international action with a basic principle of solidarity.

Emphasis should also be given to the urgent need for progress towards the formulation of horizontal co-operation programmes and projects.

Horizontal co-operation, in addition to promoting the individual capacity for self-reliance, is rightly viewed by the developing countries as an important means of promoting their economic growth and strengthening their unity and solidarity, concepts to which we fully subscribe.

In this connection, we wish to mention the different milestones—from the third Ministerial Meeting of the Group of 77 at Manila to the recent Buenos Aires Conference on Technical Co-operation among Developing Countries—which have established a solid framework for the addition of a new dimension to this type of co-operation in a large number of fields, including trade, infrastructure, technological development and financial and monetary co-operation.

If it is to be genuinely successful, this new approach to co-operation for development will certainly call for the combined efforts of all third world countries at the subregional, regional and interregional levels, and also for the indispensable support of the organizations within the United Nations system, among which UNCTAD has a fundamental role to play.

Pursuant to these principles and purposes, and without prejudice to any measures that may be agreed at this Conference or in other appropriate forums, I am pleased to announce, on this occasion, my Government's decision to establish, as of 1 January 1980, a system of non-reciprocal tariff preferences for products originating from the least developed of the developing countries.

We hope that this measure will help to increase the trade flows between my country and the least developed of the developing countries, a development that may in turn lead to closer co-operation in other economic and social areas and help to raise the standard of living and increase the well-being of their peoples.

In the next few weeks we shall inform the international and regional organizations of which we are a member of the details of this scheme, in order to secure the appropriate authorizations.

Of importance in the context of the principle of collective self-reliance through horizontal co-operation is the appeal made by the United Nations Conference on Technical Co-operation among Developing Countries, calling upon those countries to strengthen their co-

operation programmes in order to speed up necessary economic and social development, which is a fundamental requirement for active participation in world affairs.

As the Conference itself stated in one of its decisions, this type of co-operation "must be based on strict observance of national sovereignty, economic independence, equal rights and non-interference in domestic affairs of nations, irrespective of their size, level of development and economic and social systems".

My Government, aware and convinced of the importance of TCDC, and acting on the basis of strict application of those principles, decided to respond to that appeal by establishing an international fund for scientific and technical co-operation, whose object is to regularize and expand our international activities in this field.

Chile has been extending co-operation in these areas for many years. The foreign professionals who have received training in our classrooms number in the thousands. In recent years, almost 1,000 fellowship-holders at various levels of specialization have been received annually.

The fund whose establishment we now announce is therefore one way of revitalizing and strengthening what is already a traditional policy of our country, and thus of co-operating enthusiastically with the purposes and objectives of the Buenos Aires statement.

One of the main agreements reached at the previous session of the Conference, held at Nairobi, was resolution 93 (IV) relating to the Integrated Programme for Commodities and the Common Fund.

The subsequent negotiations held to put that resolution into effect have been disappointing, despite the repeated expressions of support of various countries and groups.

However, it should be noted that some progress has been made in recent months which we hope will be translated into a consensus by the end of this year.

It is our task, therefore, to evaluate the results achieved by the various negotiating bodies and to seek the formulas that are needed in order to give a new impetus to resolution 93 (IV), which is essential to the establishment of the new international economic order.

To this end we must abandon intransigence and confrontation, and progress through intelligent negotiations. This is an urgent task, since the instability resulting from major changes in the world economy has had an excessive effect on trade in commodities, with consequent harmful results for the developing countries, and particularly the least developed among them.

My delegation is prepared to do its utmost and to co-operate in this undertaking. Chile had the honour to serve as the venue for the third session of the Conference, and we wish to reaffirm here, in Manila, our unshakeable resolve to spare no effort in helping to achieve the common goal of bringing about a genuine transformation of the international economic order which will ensure conditions of peace, progress and well-being for all mankind.

**Statement made at the 153rd plenary meeting, on 10 May 1979,  
by Mr. Liu Xiwen, Vice-Minister of Foreign Trade of China**

The United Nations Conference on Trade and Development has successfully opened its fifth session at Manila, capital of the Republic of the Philippines. First of all, please allow me, in the name of the Chinese delegation, to pay tribute to the Government and people of the Philippines for their meticulous preparation for our session. We highly appreciate the warm welcoming speech made by Mrs. Imelda Romualdez Marcos, Governor of Metro Manila and Minister of Human Settlements, and the important address made by President Marcos at the opening ceremony. We hail the remarkable achievements of the Philippine people in safeguarding their State independence and sovereignty and developing their national economy under the leadership of President Marcos. We offer our congratulations to Mr. Carlos P. Romulo, Minister of Foreign Affairs, on his election as President of the current session. We sincerely hope that, under his leadership, and through the concerted efforts of all the participating delegations, we shall make our current session a success.

A salient feature of the international economy since the last session of the Conference is that the developing countries, while preserving national independence and State sovereignty, have strengthened economic co-operation among themselves and made gratifying advances in their own national economies. Some of these countries have improved their agricultural production, upgraded the level of their industries, science and technology, expanded their foreign trade and improved their people's livelihood. The United Nations Conference on Economic Co-operation among Developing Countries held at Mexico City in September 1976 decided to establish a preferential trading system among the developing countries. This has demonstrated the resolve and strength of the third world countries in closing their ranks for a joint struggle. The United Nations Conference on Technical Co-operation among Developing Countries, held last year, was quite successful. The Asian and Pacific developing countries have made headway in regional co-operation. Last August's ministerial conference on Asian and Pacific trade co-operation convened by ESCAP gained positive results by adopting a blueprint and programme of action for the development of economic and trade co-operation in the Asian and Pacific region. The ASEAN countries have made significant progress in widening their economic co-operation by signing long-term trade contracts, providing low-interest loans and, particularly, by making special preferential arrangements for over 70 kinds of products. Their cohesion and co-operation are a contribution to the peace, stability and prosperity of South-East Asia and the Asian and Pacific region as a whole. The Afro-Arab Summit Conference held at Cairo in March 1977 adopted such important programmes as the Declaration on Afro-Arab Economic and Financial Co-operation. This is of great significance to the promotion of the Afro-Arab joint struggle and economic co-operation. The Latin American Economic System has

enlarged its membership in the course of struggle since its founding in 1975; it has strengthened its links and co-operation with the other organizations of the region, thus pushing forward the economic integration of Latin America. The various organizations of raw material producing countries of the third world are gathering strength and heading towards a wider union. A number of developing countries have organized their own shipping administrations and merchant fleets. There are nearly 20 financial co-operation organizations in the third world. All this plays a positive role in transforming the old international economic relationship, establishing a new economic order and developing the national economy of the third world countries.

In recent years, a number of developed countries have taken a realistic approach in dealing with some international economic problems. They have responded in different degrees to the calls of the developing countries, thus improving their co-operation with the latter. There has been a notable growth in the economic and trade exchanges between EEC and Afro-Arab countries in recent years. The same thing has taken place between the developed countries of northern Europe and the Asian and Pacific region and the developing countries. A dozen developed creditor countries have cancelled the debts incurred by some of the least developed countries, and this has created a favourable atmosphere for the North-South dialogue.

It must be noted, however, that in the past three years there has been only limited progress in the various rounds of negotiations relevant to the establishment of a new international economic order. In the negotiations for the Common Fund under the Integrated Programme for Commodities, only a package agreement on a few questions of principle was reached last March; there still remains the difficult task of drafting the agreement. Negotiations concerning individual commodity agreements, with the exception of those relating to natural rubber, have proceeded rather slowly. The deadlines for all commodity negotiations have been extended again and again. Negotiations on trade of manufactured goods and on transfer of technology are beset with difficulties. As an aftermath of the most severe post-war economic crisis, the economies of developed countries continue to be in the doldrums; industrial production there has been fluctuating and slow in picking up steam; inflation is rife and the unemployment situation is serious; the volume of international trade is rising too slowly and there is great disparity in the international balance of payments; monetary markets have been in a state of flux; trade and monetary wars have sharpened and protectionism is on the rise. In order to extricate themselves from their own predicament, a number of developed countries, especially the super-Powers, are trying their best to shift their economic crisis onto others, thus seriously affecting the economic development of the third world and further widening the gap between the rich and the poor countries. The statistics released by the UNCTAD secretariat

in 1978 show that, owing to the worsening of trade terms and conditions, the developing countries have lost over \$30 billion, and their total foreign debts have shot up by the staggering sum of \$300 billion. The existing system of international economic relations can no longer accommodate the needs of contemporary development. It not only obstructs the further economic growth of the developing countries but also seriously holds up the recovery and the improvement of the world economy as a whole. Therefore a thorough transformation of existing international economic relations has now become all the more urgent.

The establishment of a new international economic order is the common aspiration and demand of all developing countries, and this has become an irresistible historical trend. But one must bear in mind the difficulty and complexity of the struggle. The super-Powers will never willingly abandon their monopoly and their grip over the international economic and trade system. Even now they are trying hard to resist the reasonable demands of the developing countries. Take the question of the Common Fund, for instance: one gave up its stubborn resistance and reluctantly accepted the Common Fund in principle only under the pressure of a concerted struggle by the third world countries; the other paid only lip service to the concept, while in reality it refused to commit itself to the important provisions on the sources of financing of the Common Fund. Naturally, this practice of saying one thing and doing another has aroused discontent and objections from an increasing number of developing countries.

The Fourth Ministerial Meeting of the Group of 77 adopted the Arusha Programme for Collective Self-Reliance and Framework for Negotiations in February this year. This document analyses the present world economic situation, renews the call for a new international economic order, stresses the importance of strengthening the cohesion and co-operation of the developing countries, and puts forward positive proposals for resolving a series of important problems of our times regarding the international economy, trade, finance, shipping, science and technology. The idea of collective self-reliance advanced in the Arusha document will not only inspire the developing countries to build up their own strength but will also help to improve their negotiating position vis-à-vis the developed countries, thus facilitating the establishment of a new international economic order. The Chinese delegation endorses this document. We consider that the Group of 77 has made a contribution to the fifth session of the Conference by putting out this document, and we agree to take it as the basis of our deliberations at the present session.

As more and more developing countries have won political independence, and in view of the changes in the world economy, the old international economic and trade regimes can no longer meet the challenge of the present age and should therefore be transformed. We consider it imperative, under the new circumstances, to work out fair and equitable new rules and principles conducive to the economic prosperity and development of the world.

In international trade, an acute problem at the present time is that of the protectionism practised by some developed countries, which causes great harm to the economy and export trade of the developing countries. UNCTAD documents show that almost all the sectors relevant to the export interests of the developing countries are adversely affected by protectionism. This cannot but arouse serious concern on the part of the developing countries. The developing countries have made protracted efforts to develop their manufacturing industries as well as their industries for the processing of primary products so as to diversify their export trade and change the single-product economy bequeathed to them by history. This will be of great importance in raising the economic level of the developing countries, reducing their dependence on external aid and improving their standard of living. In order to create the necessary external conditions for accelerating their industrialization, the developing countries call urgently on the developed countries to lower tariff as well as non-tariff barriers, so as to provide a more liberal market for their export products. Yet a few developed countries, especially the super-Powers, have flouted the relevant United Nations resolutions. Far from abiding by the principles of not increasing tariff or non-tariff barriers vis-à-vis the developing countries, they have adopted various protectionist measures, seriously blocking the export of goods, especially the manufactured goods of the developing countries, thus contributing to the slowing down of their industrialization. It goes without saying that this is utterly unreasonable and should be remedied. It is justified for the developing countries to call for the drawing up of new regulations, in keeping with the present circumstances, to curb protectionism and to oblige the developed countries to adopt policies facilitating the exports of developing countries, so that the latter may increase their share in world trade in manufactured goods. We readily support this position of the developing countries.

The developing countries should be ensured a stable and profitable price for their raw materials so as to increase their export earnings. This is a vital matter closely related to the economic well-being of the developing countries. The establishment of the Integrated Programme for Commodities and the Common Fund would be a key instrument in resolving this problem, as well as an important step in transforming the existing unequal international trade relations. Negotiations on this problem have gone through a slow and tortuous process since the fourth session of the Conference. Although there has been some agreement in principle on the Common Fund, persistent efforts are still required if the developing countries are to realize fully their basic demands, and this calls for a joint struggle by all the third world countries. The Chinese Government has always supported the just stand of the developing countries, and we have decided to become a party to the final and official Agreement establishing the Common Fund and to make the relevant assessed contributions. You all know that China's foreign trade accounts for a very small percentage of total world trade. Nevertheless, we are willing to take concrete action, as far as our capacity will permit, to contribute to the third world's common cause of strengthening our unity and co-operation and

transforming the old international economic and trade relations.

The developing countries have suffered a great deal from the incessant fluctuations in the international monetary market in the past few years. Therefore they strongly demand a change in the irrational international monetary system and an improvement in sources of finance. They are opposed to the attempts of monopolistic capital to control and exploit them, or to shift the effects of economic crisis onto them. We support all positive efforts aimed at transforming the international monetary system, stabilizing exchange rates and increasing capital flows to the developing countries. The developing countries are entitled to participate fully in the various policy-making mechanisms, so as to safeguard their own economic rights and interests.

We hope to see an early decision by the Conference at this session on the pending international code of conduct on the transfer of technology, which will pave the way for further negotiations.

We are in favour of drawing up the International Development Strategy for the Third United Nations Development Decade with the Programme of Action on the Establishment of a New International Economic Order as the central element, and we hope that measures will be taken to give more policy-making powers in world economic affairs to the developing countries.

The domestic situation in China continues to make progress since the overthrow of the evil "Gang of Four". Our Party is more united than ever before. People's democracy has been given full play. The socialist enthusiasm of the population is constantly increasing

and our proletarian dictatorship has become more consolidated. Unity and stability prevail in our country. Starting this year, we are shifting the focus of our endeavours to the socialist modernization programme. The Chinese people will continue to uphold socialism and proletarian dictatorship, to follow the guidance of the Communist Party, and to adhere to Marxism-Leninism and to the thought of Mao Zedong. At the same time, we shall unite with the peoples of all countries and strive for a peaceful international environment to carry out the modernization programme. Recently, our Government has made some readjustments in our economic planning aimed at bringing the pace of our development more into keeping with reality, so that our economy will develop in a more planned and balanced manner. Such readjustments are necessary and quite normal. We shall firmly adhere to the policy of independence and self-reliance, but this in no way means self-seclusion. We shall learn from the useful experience of foreign countries and import advanced foreign technology and equipment. We shall carry out extensive economic exchange and economic and technological co-operation. We shall conform to established international practice with a view to expanding our foreign trade on a large scale, the basis of equality and mutual benefit. In so doing we shall be carrying out our self-reliance policy in full. Our economic programme is grandiose but difficult. However, the Chinese people are full of confidence and determined to surmount all difficulties in their way and to reach their magnificent goal, so as to make a greater contribution to humanity.

At the close of my speech, I wish this session of the Conference every success.

**Statement made at the 158th plenary meeting, on 14 May 1979,  
by Mr. Alfonso Palacio Rudas, Ambassador Extraordinary and Plenipotentiary of Colombia**

Allow me first to congratulate you, Mr. President, on your election to preside over this historic meeting, and to express our thanks for the warm and generous hospitality shown us by the Government of the Philippines and the people of that nation, with whom, in spite of distance and the passage of time, we are still united by common cultural ties. Furthermore, the active presence of President Marcos and the First Lady at all the events of this session of the United Nations Conference on Trade and Development deserves our lasting gratitude.

Towards the end of February 1968 I had the opportunity in this same forum to state the position of Colombia. I explained our views on the substantive aspects of the ambitious agenda of the second session of the Conference, held at New Delhi. Prior to that highly important meeting, a critical examination had been made of the relationship between the centre and the periphery and the processes which were deemed useful for identifying, recognizing and defining the problems which affected international economic relations, especially the conditions of inequality under which world trade was conducted. That was for practical purposes the time

when the wide-ranging and difficult evolution of the social and economic theory and practice of the backward areas of the world was beginning to take shape. The United States of America, the Soviet Union and the countries of Western Europe were enjoying a period of prosperity and full employment. Their economic growth rate in the 1960s was double that achieved during any period of similar duration. For that reason the Conference was held under the best of auguries.

Those were the years of mystique, of faith in the international institutions. Hence vast plans of action were drawn up and formulas were devised which at the time were even regarded as capable of resolving the problems of trade policy associated with financing, the commodity trade and access by the manufactures and semi-manufactures of developing countries to the markets of the rich countries.

We had achieved in theory the commitment of the industrialized nations to these objectives of economic policy and we cherished the hope that they would serve as a channel through which to achieve a more equitable distribution of wealth, calculated supposedly to bring

about a correct and just functioning of the world economy. We were fully persuaded, as we are today, that it was a sound proposition to invest in the poor areas of the world, where 70 per cent of the world population live and where there is a great abundance of primary resources. Indeed, the prosperity of such areas, far from harming the trade of the great industrial centres, would have been of overall benefit to them. Our thesis was simple but profound: it rested on mutual advantage. I now find that, in reports from highly respected centres of learning in developed countries, the validity of this thesis is put forward as one of the prerequisites if the inhabitants of the wealthy countries are to continue to enjoy an ever improving standard of living.

I cannot deny that the second session of the Conference represented one of the most exciting attempts at negotiation of the period, but I have no hesitation in stating that, in spite of high hopes, we have made little progress in shaping an economy on a world scale based on proposals to provide equality of opportunity for all nations.

Subsequent sessions of the Conference and negotiating exercises in various forums have revolved round the ideas of the second session, adapting in many cases old initiatives and fashioning others in order to establish a new international economic order; but, paradoxically, in many cases the force of the solutions proposed for the problems of underdevelopment has been increasingly weakened by the emergence of new realities, so that the successive sessions of the Conference seem to be reflected in mere palliatives rather than in radical cures.

In the light of this experience, it is not surprising that results of the economic relations between North and South do not turn out to be very positive. While the world's revenues are concentrated in the former, the latter continues to receive far less for what it sells and to pay more for what it needs to buy; and the social consequences of all this are traumatic and disastrous. There are some figures which speak so eloquently that they should be repeated, even though they sound hackneyed. We in the developing countries constitute 70 per cent of the inhabitants of the earth, and at present we receive under 30 per cent of the world's revenue. About 750 million human beings lack the basic requirements in food, health care, housing and education. In some developing countries, the annual *per capita* GNP is less than \$110, whereas in a number of rich countries it is over \$9,000. At the same time our exports do not amount to even 25 per cent of the total of world exports—the same percentage as in 1950—in spite of the fact that today this figure is strongly influenced by oil exports.

Inequalities persist, and so do injustices, and neither is a matter of mere speculative thought. We still cannot free ourselves from those rules and principles which dominated economic theory and were incorporated in its practice as an expression of the interests of the large countries; and all this obstructs efforts to process and market our natural resources and to expand industrially.

Consequently, international action in respect of trade and development has not had much success. For ex-

ample, the somewhat shaky commitments negotiated and agreed upon are not properly formulated in due time; they are not satisfactorily implemented or followed up, so that the anticipated benefits do not reach our countries in appropriate measure or with sufficient speed.

Let us just recall, for example, how many years passed before the first glimmerings of the GSP appeared and before the machinery of compensatory financing, designed to benefit developing country exporters of raw materials, came into operation. Perhaps it is superfluous to add that the efforts to regulate and organize the commodity trade, if they have not completely failed, have borne very little fruit.

Today, as I look with pleasure at so many familiar faces and shake the hands of so many friends, I seem to detect a note of frustration. The hopes once awakened have changed into disillusionment in the face of unachieved objectives and unfulfilled agreements and negotiations which in many cases have turned out badly and whose beneficiaries have not really been the developing countries but the exporters and bankers of the industrialized countries. We find ourselves exposed to treatment that serves only to complicate and accentuate injustices, for in the shadow of new imbalances and the political and economic events of the present decade in the monetary and energy fields, the economies of the weak countries are being undermined and impoverished.

Everything seems to indicate that famous professors and distinguished men are right when they assert that economics continues to be a frustrating science, incapable of providing satisfactory solutions to the problems of world economy or of domestic economies.

Certainly, ever since the breakdown of the Bretton Woods system, which was aggravated by the oil crisis, the Governments of the principal Western industrialized countries have had eyes only for the ups and downs of their currencies, their exchange rates, their domestic unemployment and the security of their supplies, inflation, and ways and means of transferring the burden of adjustment to economies other than their own. It seems that their sole concern has been to stimulate the growth of their economies and look after their domestic problems, whatever the cost.

Nevertheless, in quest of the ideal of a more fulfilled human race, my country understands the things that worry the advanced nations and appreciates also the rightful aspirations of the important group of oil-producing countries. We think that their difficulties and ambitions are legitimate and call for solution and satisfaction. But at the same time, the Government of Colombia considers that these difficulties and international pressures cannot be legitimately overcome, nor readjustments legitimately achieved, at the expense of the least powerful economies. The simple dictates of morality, justice and universal peace show this to be so.

We must rigorously pursue the task of correcting the focus, rooting out policies and eliminating practices which should be neither used nor abused nor suffered by any State. We believe that this forum, concerned specifically with the problems of trade and develop-

ment, whose association with other economic activities is known to all, is a suitable place in which to reflect, in the light of our agenda, on some pressing problems arising from changing conditions and needs in all countries, and especially in developing countries.

There is one matter of capital importance to which we would direct the urgent attention of the international community, a matter that has already been the subject of analysis and study in its remotest consequences by the technical staff of the UNCTAD secretariat, with a view to subsequent examination and resolution at the political level: that is the increasing problem of underdevelopment resulting from the shifting of the burden of the new international adjustment brought about by the rise in oil prices.

The economy of Colombia has been able to absorb the combined effects of the recession of the central economies in 1973. However, it has done so at the price of domestic savings efforts over several years and the rate at which we were hoping to fulfil our economic and social development aims. We have been forced to adopt policies of austerity in the tax, monetary and wage fields. In brief, we have had to apply a series of measures which in certain forums are regarded as effective when they contribute to the adjustment process of countries that have a much greater capacity for recovery and response.

Recent measures which we have been obliged to adopt as a result of the new price adjustments from abroad have seriously affected earnings in the popular sectors in Colombia. Our capacity to make new adjustments is also severely limited.

We believe that our situation is common to that of many developing countries, which have long been suffering the traditional and substantial deterioration in their terms of trade. This is now aggravated by the closing of markets in which we had demonstrated that we were amply competitive; the ruinous impact of the effects of monetary disorder; and the rise in prices of petroleum and its by-products, which by 1978 represented a deficit of \$34 billion in the developing countries, a figure four times higher than at the beginning of 1970. It seems that the nations which can live without being concerned about necessities and can even enjoy abundance have relegated us to the category of those destined to bear the real brunt of petroleum prices. Obviously, in the face of inflation, the real prices of fuel remain stable, at any rate for the rich consumer countries, whereas for developing countries such as Colombia the prices of the goods and services that we have to import in order to ensure the continuity of our development process increase daily.

Colombia, a developing country which does not export petroleum, has been suffering in recent years from new difficulties in addition to those of exporters of primary products, as a sequel to the continuous and acute rises in fuel prices. Such rises are bringing about a number of direct effects, consisting of internal inflationary pressures and balance-of-payments difficulties with which we find ourselves confronted as a result of the increased cost of imports of fuel and crude petroleum, as well as a number of indirect effects, which can be approached from two angles. One concerns im-

ports and involves increased inflationary pressures and balance-of-payments problems arising out of the increased prices of the manufactures and industrial raw materials we acquire. The other concerns exports, since, in a climate of high inflation rates in the developed countries, the increased production costs caused by the rise in the price of petroleum increase the atmosphere of uncertainty in which those countries have to take decisions on private investments and savings. All this means that, on the pretext of protecting national employment, new tariff and non-tariff barriers are erected that prejudice exports from developing countries.

Naturally, for many developing countries, including my own, it is difficult if not impossible to adjust to these new circumstances. Certain domestic economic objectives that cannot be ignored make it necessary to cope with financial difficulties by seeking resources on the international capital markets, and this, given the chain reaction set off by the phenomena I have described above, leads to the subsequent adoption of painful policies of adjustment at variance with the just aspirations towards development and well-being of the peoples of these countries.

It is a well-known fact that, because of the difficulties to which I have referred, the statistics show a market increase in the external debt of those countries that are not oil-producing countries. In many of them, dependence on external loans at altogether intolerable rates and costs has increased, and a large number of countries have had to use credits from private sources under much harsher terms than those of the international financial institutions, although recently the latter are tending to adopt the same levels as the capital markets.

There is no disguising the urgent need for more generous and large-scale transfers of financial resources to cope with the many new investment requirements in the developing countries. The Government of Colombia believes that capital flows should stem above all from the creation of an international climate in which we can considerably increase the volume and value of exports. It is worth emphasizing that the supply of aid, in any shape or form, can never be comparable with trade, which is the most valuable instrument for establishing solid and lasting bases for economic development, without such bases being submitted to or governed by pressures of a type liable to jeopardize national priorities and purposes.

Hence the importance we attach to expanding world trade and to recovering and broadening the participation of the developing countries in the volume of world exports of manufactures. This, in our opinion, is the best means of obtaining a large part of the financial resources needed for the development process.

At the present time, this objective requires some structural changes in trade patterns, and the industrialized countries must recognize and accept rather than repress these changes. With their amazing technology, their very diversified economies and broad basis of resources, they should not put obstacles in the way of the expansion and the trade of the developing countries under the pretext of the employment problem, which it will not be difficult to cope with once a sound arsenal of means and measures is available. It must be



borne in mind that trade measures and policies adopted to discriminate against imports from developing countries are at variance with the commitments undertaken in many forums and with the principles set out in a number of international instruments, such as the Tokyo Declaration; and of course, they are in flat contradiction with the precepts of free trade whose virtues have been so resoundingly preached to the proletarian countries. All this gives rise to a suspicion that, when benefits tend to expand to cover the whole of mankind, a shift in positions takes place, and the old-style colonialism and imperialism emerge once more.

Different characteristics and problems are emerging in two major sectors: agriculture and industry. In regard to agricultural products, it should be asked what valid reason there is to continue to use subsidies and monetary devices to encourage inefficient and uneconomical production which prejudices agricultural trade and expansion in the developing nations, the natural suppliers of such products. In regard to industrial goods, the developed nations are reluctant to agree to increased exports of and competition from goods originating in developing countries. For this reason we are witnessing the rejection of the rules of the market and the explosion of protectionist measures such as the escalation of tariff and non-tariff barriers. The latter are being increasingly applied in the form of quantitative restrictions on the manufactures and semi-manufactures of greatest interest to our countries. In the case of textiles, the matter is even worse; barriers have been imposed that are harder to surmount than those in other areas of trade.

The multilateral trade negotiations which have been proceeding within GATT since 1973 are being finalized under the aegis of the Tokyo Declaration. Colombia made every effort to ensure that the objectives laid down in the Declaration would be fully implemented. However, we hope that we shall not be regarded as pessimists if we say that our aspirations have not been realized. Results in regard to tropical produce and tariffs fall short of what we were asking, and differentiated and favourable treatment for developing countries has not been stipulated as clearly as we would have wished in most of the codes drawn up in the course of the negotiations.

However, we are not unaware of the importance GATT has assumed as an organ for multilateral surveillance of foreign trade and as an arbitrating body. Its future will be decided by the work of the next few years. We must trust that the application and interpretation of the codes in which the developing countries have greatest interest will not shy away from the problems and the unfavourable situation in international trade.

To turn to another item on the agenda, we Colombians believe that the health and well-being of the world's economy requires something more than the changing or shifting of trade patterns; it requires a sound international currency. The Bretton Woods system prevailed despite the original injustice inherent in it, while helping to achieve extremely satisfactory results for the affluent economies. Once this guarantee was lost, the system collapsed beneath the pressure and indiscipline of the major Powers, both those in deficit

and those in surplus, making way for the Jamaica agreements which legalized anarchy in the monetary order, leaving the rich countries free to intervene on the exchange markets and to adopt the system of exchange rates that suited them. The SDRs were consolidated on paper, and it was naïvely claimed that gold would lose its leading role. The wording of the agreement was an epitaph to the precious metal. However, as the Spanish epic *El Cid Campeador* recounts, gold continues to win battles after its death. The London, Zurich and Paris markets testify to this.

As was to be expected, such changes in the basic clauses of the international monetary agreement have served only the richer countries. The truth is that fluctuating exchange rates have made it possible for them to face up to the rise in petroleum prices without further difficulty. Moreover, they have helped some of them to isolate their short-term foreign debt from scarce gold reserves and to protect themselves from the high levels of inflation affecting various countries, while at the same time improving their competitive position with the help of devaluation.

In this way, with the increase in contributions to the fund and the more widespread allocation of SDRs, the rich States with deficit problems have had more opportunities—already quite ample with the hypertrophied supply of Eurodollars—to obtain the necessary liquidity to offset the disequilibrium in their balance of payments.

So great is the monetary anarchy that today countries are trying to create closed centres or zones of exchange stability. We have doubts as to the salutary effects of such tendencies on the world economy as a whole, and in particular on the economy of the developing countries, which have no shelter from any repercussions that may result from the slightest error in the domestic monetary policies of the major countries.

With respect to the new paths to be opened up in international economic co-operation, we believe that, without ignoring the importance of any conclusions and commitments which we in the developing countries may reach autonomously, such agreements neither can nor should replace the action and the responsibility facing the industrialized countries, both of the West and of the East, to establish a more just order for the developing nations as a whole. Any restructuring of international economic relations that fails to take into account the universal character of such relations runs the risk of accentuating the inequalities of the system by permitting the most powerful to shirk their responsibilities and to justify and champion trade protectionism within a fragmented international system.

In venturing briefly to draw aside the curtain of mist surrounding us, which is no easy task, I do so because I am convinced that the facts I have pointed out are counterproductive and represent a threat to peace and to the development efforts of all countries involved in the process; and also because the Government of Colombia believes that the adoption of isolated and partial measures, or measures limited to any group of countries, can never hope to provide satisfactory and lasting solutions. This has been shown by experience. It is

therefore desirable that each and every one of us should learn to recognize and respect the interests of the others as well. To do so would doubtless open the way to agreements which would be more equitable than in the past and less affected by selfishness and greed for excessive profit.

We must not continue indefinitely to transfer a whole series of aspirations from one body to another, from one forum to another. The industrialized countries of the West must accept the revolution which is taking place in the redistribution of income as part of world trade and in the adjustment of trends in trade. The countries of the East must take the decision to play a more substantial part, whether or not they are responsible for the underdevelopment of regions which until recently were suffering under the yoke of colonialism.

There is also a group of nations which are accumulating formidable financial resources. A month ago, at Caracas, the presidents of various Latin American countries, after examining the difficulties of the developing countries which import oil, issued an appeal initiated by the Colombian Head of State, Mr. Julio César Turbay Ayala, and supported by the Spanish Head of Government. The statement included the following paragraphs:

We take the opportunity to appeal to the oil-producing countries and to the world as a whole on the subject of the urgent need to

establish satisfactory machinery for the logical fixing of the price of petroleum and its by-products.

Our attitude is not one of opposition to the establishment of fair prices.

On the contrary, we need them for our own products. However, we are openly opposed to the arbitrary fixing of and the constant and indiscriminate increases in the price of petroleum, which have been accompanied by considerable speculation through the so-called spot prices and which leave our peoples helpless.

Previously unknown economic problems are emerging in all parts of the world. It can be observed everywhere that certain policies which promote development and well-being in some countries produce harmful effects in others, distorting their position and creating new tensions. Therefore the time has come to recognize that solemn and profound terms such as "international co-operation" and "international solidarity", so often used in these conferences, imply consequences. When we wave the flag of a new international economic order we do not hesitate to declare that we are passionately in favour of these things; but we still show little awareness of their scope and sense when it comes to incorporating them in the daily routine of the international community. What is important at this crucial moment for mankind is to recognize the existence of the duties imposed by solidarity and to carry them out, bringing them into harmony with the changes and adjustments which are taking place in the world, whether we like them or not.

**Statement made at the 167th plenary meeting, on 21 May 1979,  
by Mr. Abdellahi Mohamed, Minister of State for Justice,  
Islamic Affairs, Transport, Tourism and Foreign Trade of the Comoros**

It is a special pleasure and honour for me to be here with you today for the first time in this assembly, as the Minister responsible for transport and foreign trade in the Federal and Islamic Republic of the Comoros.

First of all, Mr. President, on behalf of my delegation I should like to extend to you my heartfelt congratulations on your unanimous election to the presidency of this important Conference. We firmly believe that your outstanding qualities and your extensive and varied experience in the United Nations constitute a guarantee of the success which the peace-loving and justice-loving peoples of the world in general, and the peoples of the developing countries in particular, hope will attend this important Conference.

We should also like to express our satisfaction and appreciation to Mr. Gamani Corea, the Secretary-General of UNCTAD, and to his staff for their efforts to ensure the success of our Conference.

Lastly, may I convey my delegation's profound gratitude to Mr. and Mrs. Ferdinand Marcos, and to the people and Government of the Philippines, for the warm welcome and traditional hospitality which they have extended to us since our arrival in this beautiful city of Manila.

The general statements made in this assembly are now coming to an end. In accordance with the earnest wish

expressed by President Marcos, whose inspiring address has guided our discussions, our task is now to determine the specific conditions necessary for the establishment of a new international economic order, founded on peace, justice and the equitable distribution of the world's resources among its peoples.

This is a vital objective for the whole of humankind, in view of the unprecedented gravity of the crisis in which the international economy is plunged. Since the Second World War, inflation has become widespread in the economies of the industrialized countries, which are also experiencing an increasingly alarming rate of unemployment, while the growth rate in the developing countries is declining.

Moreover, the third world, which represents 70 per cent of the world's population, accounts for only 12 per cent of the gross world product.

The economic take-off of the developing countries is being seriously hampered by protectionist measures—often carried to extremes—on the part of the rich countries, which are thus closing their markets to our manufactured products. This prevents the necessary structural changes from being made, changes that are indispensable for the effective development of a prosperous and balanced world economy.



The interdependence of our economies and our peoples is beyond all doubt. We see every day that economic and political developments have repercussions which do not fade away at the borders of the countries where they take place. In these circumstances, international solidarity is more necessary than ever.

The industrialized countries must above all realize that short-term measures are powerless to put an end to a crisis that is a persistent and not a cyclical one-time phenomenon. The only satisfactory solution is to make far-reaching structural changes. This is the background against which the work of the fifth session of the United Nations Conference on Trade and Development is taking place.

The Government of the Federal and Islamic Republic of the Comoros, which I have the honour to represent here, believes that a global political will must emerge from this forum to facilitate the introduction of the reforms that are necessary for effective and fruitful international co-operation. This will make it possible to avoid the risks of confrontation and the deterioration of international economic relations. In this connection, my delegation is happy to see that a climate of mutual confidence has been created by the conclusion of the agreement on the Common Fund under the Integrated Programme for Commodities. Nevertheless, much still remains to be done in this domain. The multilateral trade negotiations, the progress made in such areas as the code of conduct on the transfer of technology and the negotiations on natural rubber, are encouraging. My Government is convinced that the Arusha Programme, in proposing a strategy of collective self-reliance as an integral part of a global economic system, offers greater opportunities for the transformation of the structures necessary for the balanced and equitable development of the world economy.

May I now state very briefly my delegation's views on some agenda items which are causing my Government concern. These relate to protectionism, transfer of technology, the least developed countries and commodities.

The Integrated Programme for Commodities should set as its objectives the dynamic stabilization of commodity prices, security and stability of the export earnings of the developing countries, and the participation of these countries in the economy of the commodities in question.

My delegation welcomes the agreement that has been reached on the Common Fund, since the purpose of the Fund is to enable the Integrated Programme to achieve its objectives.

The Fund should be an effective and economically viable means of financing buffer stocks and other measures such as the compensation of shortfalls in export earnings for individual commodities. Financial resources must, of course, be provided for to deal with the situation of the least developed, land-locked and island countries.

The economic situation of these countries remains deeply disquieting. Of the 30 countries in this group, only four, with 4 per cent of the population of the group, have reached the growth rate of 3.5 per cent set

as the minimum target for the end of the Second United Nations Development Decade.

This situation is all the more alarming in that the least developed, land-locked and island countries are the most vulnerable to natural hazards such as drought, hurricanes and floods, and to the economic crisis, all of which jeopardize their development plans and activities. It is obvious that they will never be able to extricate themselves from their predicament by their own efforts.

In other words, the task incumbent on the international community is not only to implement fully and promptly the special measures that have already been approved, but also to formulate other specific measures that will help to end the present stagnation and decline and to accelerate the development of these deprived countries.

Let me give you a practical example of the dramatic situation of these countries: that of the Comoros, which I have the honour to represent at this gathering and which has a population of 400,000 inhabitants within an area of 2,240 square kilometres.

It is a volcanic and mountainous island country, with ranges which greatly reduce the area available for cultivation, although 90 per cent of the people depend on agriculture of a primitive kind for their livelihood. The authorities of the Comoros have set themselves two objectives as part of the development measures to be taken. The first is the satisfaction, on the basis of domestic resources, of the essential needs of the population, with a consequent reduction in the extent of the country's external dependence, particularly as far as food is concerned. The second objective is the preparation of conditions that will pave the way for the future programme (1985-1990). It is hoped that this will launch the economy of the Comoros, to which the only resources available are the land and the sea.

Consequently, the situation continues to be disquieting and requires urgent assistance from the international community. The deficit in the trade balance is approximately 73 per cent, and one third of our imports are food products (of which rice accounts for 35 per cent) essential for the survival of our people. The political situation in the newly independent Comoros was characterized, from the moment of its independence (on 6 July 1975), by disorder, anarchy, violence and terror, which lasted for some three years.

This has imposed a heavy burden on our economy, which also inherited from the former regime a debt of 7 billion CFA francs, or about \$15 million.

Our economic problems are compounded by a steadily deteriorating financial situation, which influences the operation of all the other services of the young State.

I would like to take this opportunity to pay a tribute to our friends and brothers, the Arab countries, and to the international assistance which has saved our State from economic strangulation.

The case of the Comoros is only one among many others. The least developed countries should be given special attention because conditions there are worse than elsewhere. A very substantial increase in external

aid, including financial and technical assistance, is therefore absolutely essential, and the international community should take adequate and practical measures to ensure that such assistance is made available. I would point out that those who devised the International Development Strategy proposed that the net contributions of the economically advanced countries made through ODA in the 1970s should be at least 0.7 per cent of each donor country's GNP.

The inadequacy of the total amount of such assistance actually provided has had an adverse effect on the development of the developing countries, which have been unable to reach the rates of growth envisaged in the International Development Strategy. Nevertheless, we must express our deep gratitude to France, Canada, the Federal Republic of Germany and the Netherlands for the debt cancellations they have recently granted us.

The development of the least developed countries is an area in which economic co-operation among the developing countries is one of the pillars for the restructuring of the world economy. The efforts to forge closer economic ties between the developing countries should be intensified and culminate in collective self-reliance as advocated in the Arusha Programme.

However, the efforts made by the developing countries would be in vain if the affluent countries pursued and intensified their protectionist policy.

The relatively liberal trade practices that have prevailed in the developed market-economy countries for 30 years or so have recently been superseded by a general protectionist trend, mainly in the form of recourse to new means of protectionism. This type of protectionism is applied in a discriminatory fashion, with the connivance or without the sanction of the Governments. The measures taken are particularly damaging for the developing countries as they delay

structural transformations in the various industrial sectors, and make it more difficult for their exports of manufactures and semi-manufactures to be increased to any appreciable extent. Moreover, traditional and highly labour-intensive lines of production are hard hit since the new protectionist measures are designed to protect highly labour-intensive industries in the developed countries and consequently act as a severe brake on economic growth and progress in the developed and developing countries alike. The former should enter into a firm commitment to remove as rapidly as possible all restrictive measures affecting the exports of the developing countries.

The economies of the developing countries are affected not only by protectionism but also by the long delay in the transfer of technology. Technology is of cardinal importance for the economic and industrial growth and development of these countries. For this reason, the negotiations on the code of conduct on the transfer of technology should aim at abolishing the restrictive and unfair practices which prevent individual countries from strengthening their own technological capabilities. Transactions involving the transfer of technology should be governed by the code of conduct and the legislation of the acquiring country, particularly in matters relating to public policy. In this respect, co-operation between the public authorities of the acquiring countries and the private individuals concerned is essential.

The massive attendance at this historic Conference is a measure of our countries' firm resolve, and recognition of our need, to act in concert in seeking a solution to the crisis that threatens our very existence. Moreover, all the statements that have been made here have emphasized the hope that our work will have practical and satisfactory results. It merely remains for me therefore to express my fervent hope that this gathering will be crowned with success.

**Statement made at the 164th plenary meeting, on 17 May 1979,  
by Mr. Fernando Altmann Ortíz, Minister of Economic Affairs, Industry  
and Trade of Costa Rica**

We should like first of all to express to General Carlos Romulo, Minister for Foreign Affairs of the Republic of the Philippines, our great pleasure at seeing his fruitful work in international affairs receive just recognition through his appointment as President of this Conference.

We should also like to express our appreciation for the outstanding courtesy and consideration extended to us by the Government of this beautiful country and, in particular, to thank President Ferdinand Marcos and his distinguished wife, Imelda Romualdez Marcos, for the excellent and generous hospitality they have lavished upon us and to convey to them and to the Philippine people the friendship and affection of our Government and our people.

As a member of CACM, Costa Rica concurs with and supports the views expressed by the head of the delega-

tion of Guatemala on behalf of the countries of the region. Nonetheless, it wishes to take this opportunity to put forward a few ideas from its own particular standpoint, ideas which are intended to complement the views expressed by the distinguished representative of the sister republic of Guatemala.

Costa Rica is participating in the fifth session of the United Nations Conference on Trade and Development in the hope that the work of the Conference will result in the emergence of the practical outline of a new international economic strategy reconciling the interests of the developed countries with those of countries such as ours, which justly and legitimately aspire to the achievement of higher standards of living for their populations.

We believe that the new international economic order must be profoundly humanistic. It must necessarily be related to the human being and to inalienable human

rights such as the right to education, decent and well paid employment, health, housing, effective access to the mass media, and free and conscious participation in political activity—rights which enable man to shape his own destiny instead of remaining a mere spectator.

We believe in the State and in the international community as a whole, but only in relation to man, for whom their activity and organization are ultimately designed, man as a living being of flesh and blood who possesses a soul and experiences suffering and joy, irrespective of his nationality, colour or political or religious belief. We therefore believe that man cannot be happy unless he is at peace with himself and with others, whether within or outside his own country. We thus see peace as a fundamental human right and a supreme duty which must be secured, jealously guarded and promoted by States. If peace does not exist, economic development is not possible or does not have full meaning for all men.

We represent a nation without armed forces, which under the Constitution have been banned as a standing institution for the past 30 years. Despite our efforts and our achievements in various fields, we have conditions that characterize us as a developing country. As regards health, Costa Ricans have an average life expectancy at birth of 68 years and a mortality rate of 0.6 per cent. In 1977, 86 per cent of the total population was covered by sickness and maternity insurance, and this year such coverage will be extended to 100 per cent of the population. Thirty per cent of the annual national budget is allocated to education, with the result that the illiteracy rate stands at about 7 per cent.

Our nation, which has no great economic power and no armed forces but does have great moral and spiritual strength, is the product of the efforts of many generations. As Rodrigo Carazo, President of our Republic, has stated: "Costa Rica has made peace the centre of its international policy throughout its history, has abolished the armed forces and has endeavoured to seek peace through the law." We take pride in this fact and feel we have the authority to take the opportunity afforded by this United Nations Conference respectfully to call upon the distinguished representatives of countries and organizations present to reflect on the subject of peace and its profound significance when we speak of a new international economic order, for without peace that order will be largely or utterly worthless, and the resources devoted to resolving the problems afflicting mankind will have little or no effect if they do not promote peace in every nation and in the international community as a whole. In this connection, Costa Rica is making international efforts to promote the establishment of the University for Peace in our country.

We believe that the new international economic order which is to be defined and brought into effect must be the product of international consensus and that the approach to its construction must be generous rather than mean-spirited, universal rather than individualistic. The international solidarity for which we call derives not only from our condition as human beings but also, and above all, from the need to ensure equity in international economic and trade relations.

For a country like ours, whose economy is basically agricultural and which depends to a large extent on a small range of traditional commodities whose short-term fluctuations and tendency to decline in terms of relative international price cause concern and alarm, the prospects of achieving sound and sustained development have been seriously jeopardized by the increase in the price of oil, oil by-products and other oil-based manufactures, of capital goods and of other imported manufactures, an increase which has been compounded by the decline of the dollar, to whose orbit we belong.

At the same time, our exports are being affected by the world recession, the slackness of demand and the protectionist measures imposed by the developed countries.

As a result of these various factors, countries with an economic structure such as ours have to incur substantial debts, not only to further their development but also to cope with the weakening of their trade balance.

This situation, which is in itself unfair for our countries and whose persistence would be extremely troublesome, is aggravated by our producers' low share of the final price paid by consumers abroad. As a result of high transport costs, marketing and distribution systems, and the tariffs imposed by importing States, there is an excessively wide margin between the price received by the producer in the developing country and the price paid by the consumer in the developed country.

The Government of Costa Rica enthusiastically supports the establishment of a Common Fund for commodities which will enable the developing countries to negotiate their export products on better terms, and urges the other nations of the world to provide support and contributions, as many have already offered to do. To this end, Costa Rica will contribute \$1 million to the Fund as a practical token of one developing country's solidarity with an international effort in support of the developing countries, an effort which will help to alleviate the difficulties being experienced by those countries, including ours, which have been seriously affected by the sharp fluctuations in the prices of particular products of fundamental importance for our economies.

Our position is that the new international economic order places relations between countries on a more just and equitable footing. For this reason, we have come to this international gathering not to request gifts or sinecures, but to urge that the existing rules in the areas of trade, economics, currency and finance, energy policy and, more especially, policy with regard to hydrocarbons should be revised and corrected in the light of the structural problems which have been identified in order to prevent the determination of each nation to progress from being curbed or neutralized by extraneous factors and, more importantly, to prevent our countries from becoming even more impoverished to the benefit of the richer countries.

Under the new order consideration will also have to be given to the establishment of regulations, methods and machinery to enable the developing States to own their own merchant fleets and to have a greater share

and effective control in the establishment of shipping rates by the relevant liner conferences. All this is of great importance in ensuring the access of developing-country products to international markets and reducing the cost of transporting such products, developments which will serve to improve our competitive position.

While we are aware of the existence, within the United Nations, of a special conference on the law of the sea, we wish to take this opportunity to make some comments on the subject, which intimately affects the economic interests of coastal States and has a bearing on the new international economic order. We reiterate the importance attached by our countries to the effective protection of marine resources, especially mineral resources, hydrocarbons and marine species, and to the more effective and more rational use of such resources in their respective areas of jurisdiction.

In this connection, we firmly believe in the concept of ownership of marine resources and the sovereign right to explore and exploit them within an area extending 200 miles from coasts and islands. We also consider that a resource belongs to that State which has jurisdiction over the area in which it exercises its sovereignty, irrespective of the migration of species, contrary to what has been maintained in some international bodies and negotiations.

We cannot end this statement without informing this plenary meeting, just as we have informed the Latin American group at this Conference, that we consider the agenda for the fifth session of the Conference to be deficient in that it does not expressly include the subject of energy.

Today, more than ever, it is not possible to speak of the establishment of a new international economic order while avoiding the real and objective problem of the supply and price of oil and its by-products, and its serious consequences for the non-petroleum-producing developing countries.

Costa Rica wishes to place on record its position that it recognizes the legitimate right of the petroleum-producing countries to demand a fair price for this non-renewable natural resource, which is of vital importance for the economic development of all nations. However, we wish to emphasize that the adverse consequences of the existing petroleum marketing systems are most severely felt by the economies of the non-petroleum-producing developing countries.

The constant increases in oil prices are immediately passed on to the developing countries by the developed countries through monetary and trade policies.

In the area of trade policies, they do this by increasing the prices of their exports by an amount at least equal to the rise in oil prices. The same is true of monetary policies, which the developed countries alone can adopt,

since they are able to issue international currencies in which goods are quoted on the market or since their economies are sufficiently strong to remain competitive in foreign trade, despite the increase in the value of their currencies in international markets. In either case, they minimize the effects of the increase in the relative internal prices of petroleum.

We firmly believe that, in considering the subject of economic development and a new international economic order to promote such development, it is essential to refer to the question of petroleum, for the same reason that an analysis of agriculture would be incomplete without reference to water.

This is why Costa Rica has proposed, in connection with item 8 of the Conference's agenda, that the following text should be included as part of the new International Development Strategy:

In the programme of action for the establishment of a new international economic order, attention must be paid to the situation of those developing countries which are most seriously affected by the lack of sufficient energy resources of their own to meet their development requirements.

Conscious of the difficulties being experienced by our countries, Costa Rica has taken the initiative of acting as regional co-ordinator for our efforts and actions relating to the disturbing problem of oil supplies and oil prices.

For this purpose, the President of our country has met the Presidents and Heads of State of Panama, Bolivia, Colombia, Spain and the Dominican Republic and, more recently, those of Guatemala, Honduras and El Salvador. At these meetings, joint statements designed to achieve these just ends were signed.

In his deeply felt address delivered at the opening meeting of this Conference, Ferdinand Marcos, President of the Republic of the Philippines, stated: "Perhaps the rich can wait. And the powerful, they will wait; they will bide their time. But the impoverished, forsaken peoples of our nations cannot wait."

We should like to endorse these wise words of President Marcos and appeal to the nations represented at this Conference to make an urgent effort and to turn their attention to those countries which are most in need of assistance and co-operation, and in which obstacles impeding their independent development must be eliminated. This is the most valuable contribution we could make to the achievement of lasting peace.

On behalf of the Government and people of Costa Rica, we wish this Conference every success in its work and hope that it will give rise to specific short-term action and measures, for the benefit of the international community in general and of our countries in particular, and in order to guarantee progress with dignity to all nations of the world.

**Statement made at the 157th plenary meeting, on 14 May 1979,  
by Mr. Marcelo Fernández Pont, Minister of Foreign Trade of Cuba**

I should like to begin by expressing gratitude to the Government of the Philippines for offering the city of Manila as the site for this fifth session of the United Nations Conference on Trade and Development. The organizational measures taken by the authorities of this country, in the tradition of Philippine hospitality, and under the personal attention of President Marcos and the First Lady, Imelda Romualdez Marcos, will undoubtedly ensure the availability of the material facilities required for the smooth functioning of the Conference. In you, Mr. President, we greet the representative of a friendly people; we wish you success in the performance of your difficult task and assure you that you can count on the support of the delegation of Cuba. We also extend a welcome to the new States that have become members of UNCTAD.

The Philippines and Cuba are countries with a historical bond, since we were the last Spanish colonies in Asia and America respectively. The land of José Rizal calls to our minds the history of a people that fought tenaciously to win its full independence and sovereignty. That is why it is a source of satisfaction to us that this session of the Conference is being held here in Manila.

Fifteen years ago, when the first session of the Conference was convened in Geneva, representatives of all countries joined in hoping that the body they were establishing would be a suitable medium for the solution of the problems of trade, development and international economic co-operation. Since then, there have been four sessions of the Conference itself, as well as repeated economic, trade and financial negotiations both within and outside the framework of the United Nations. Today, we must ask ourselves whether the situation of the world economy has improved, whether the poor countries have attained a higher level of development, and whether the wealth produced by all mankind is now more justly and equitably distributed. The answer, as is well known, is negative.

The world economy is currently experiencing its worst crisis since the end of the Second World War. The developed capitalist countries are shifting their problems of inflation, unemployment and balance-of-payments disequilibrium on to the developing countries. Furthermore, they are increasing protectionist measures in trade and restricting access to their markets by exports from the developing countries.

In the period since the fourth session of the Conference, the extraordinary rise in the prices of the technology, equipment, manufactures and semi-manufactures and agricultural and industrial products which the developing world has to import has continued. At the same time, the terms of trade between developed and developing countries have deteriorated still further.

The main international economic negotiations held during this period have failed to produce positive results. The minor concessions made by the developed countries have been granted in exchange for an increase

in foreign private investment in the developing countries and in order to establish the international financial and credit organs controlled by the developed countries as a decisive influence in the economies of the developing States.

One of the few positive aspects of this situation has been the increase in trade relations and economic co-operation between the socialist countries and the developing countries. The published statistics show that this is one of the most dynamic areas of international trade.

All this explains why the Secretary-General of UNCTAD stated in paragraph 6 of his report to the Conference (TD/221): "The fifth session of the Conference convenes against a background of disappointment and impatience regarding the slow tempo of progress in the dialogue on international co-operation for development and the paucity of results attained so far."

No one can deny the existence of the world economic crisis, or the fact that the gap separating the developed countries from the developing countries is constantly widening. However, opinions differ as to the causes of this crisis and the measures needed to resolve it. The developed countries consider the crisis as a cyclical phenomenon of capitalist economies. Those economies only have to recover for world trade to expand and for demand for raw materials and other products of the developing countries to increase. In other words, it would be enough for the developed countries to resolve their domestic economic problems and to create greater wealth so that they could allocate a small part of it to the developing countries. What they have in mind is, essentially, the maintenance of the *status quo* with just a few marginal adjustments. This theory has been endorsed in statements made at this Conference by the representatives of the principal capitalist countries and of the World Bank, IMF and GATT. In those statements, we have been asked to show caution regarding the changes to be made to the international economy, not to be over hasty and to set aside a number of questions on which we cannot reach agreement. We have been told that substantial progress has been made in the period since the fourth session of the Conference. It has been suggested to us that IMF and the World Bank and GATT have discharged their role efficiently. We have heard talk of interdependence, the aim being to minimize the responsibility of the developed capitalist countries for the world economic crisis.

In the face of these reactionary and mistaken opinions, the countries members of the Group of 77—over 100 nations including more than half the world's population, and that part of it which is afflicted with poverty and hunger—gave a different diagnosis when they met recently at Arusha, United Republic of Tanzania. The crisis now confronting us is not cyclical or temporary, but structural. In order to resolve it, we must radically alter the world's existing production and trade patterns. The institutions governing international

economic relations—principally GATT in the field of trade, and IMF and the World Bank in the financial field—were established soon after the Second World War and serve the interests of the developed capitalist countries. At that time, neither the socialist countries nor the developing countries were able to make their voices heard or to demand their rights. The institutions in question cannot continue to direct international economic relations, because they are obsolete and do not truly represent the interests of all the nations of the world.

It should be clearly understood, however, that modification of the institutions that today govern trade and the world economy is only a subsidiary, albeit an important, aspect of the solution. The main thing is to ensure that the economic development of the developing countries is placed on a sound footing and that those countries have effective control over their own resources, with an end to the exploitation and plunder of which they are currently victims.

I should now like to comment briefly on some of the items on the agenda of the Conference.

#### *Developments in international trade*

In recent years there has been an alarming increase in the protectionist measures taken by the developed capitalist countries. Not only have the agricultural exports of the developing countries been affected but also the manufactures and semi-manufactures sectors.

New forms of protectionism, non-tariff barriers and restrictive business practices introduce arbitrary elements which favour interest groups in those countries to the detriment of the vast mass of consumers. It has been calculated that from 1975 to 1977 these new measures affected 3 per cent to 5 per cent of international trade, in other words trade amounting to between \$30 billion and \$50 billion.

The current institutional framework, in particular GATT, has demonstrated its inability to cope with this situation. The precepts of the General Agreement are already obsolete and part IV of the Agreement is only a lukewarm response to the needs of the developing countries. The developing countries are playing a nominal role in its deliberations. The multilateral trade negotiations—which have just been concluded—illustrate this fact.

The Arusha Programme proposes short-term and long-term policies and measures designed to mitigate the effects of this situation. My country endorses them and wishes to draw attention in particular to the need to establish, within UNCTAD, a mechanism designed to examine the problem of protectionism in general and its harmful effects on world trade.

#### *Commodities*

The developed capitalist countries bear responsibility for the virtual lack of progress in the implementation of the Integrated Programme for Commodities because of the intransigent positions they have taken throughout the various negotiations. Only with respect to two commodities, sugar and rubber, has the preparatory work

resulted in negotiating conferences which led to the signing of the respective international agreements.

As to the Common Fund, designed to finance stocks of commodities that would make it possible to stabilize their prices, in the three rounds of negotiations, lasting two years, agreement was reached only on its fundamental elements. The articles of agreement of the Fund have still to be elaborated and approved.

Attention must be drawn at this Conference to the case of the International Sugar Agreement, which is still not fully operational one year and a half after its entry into force.

Responsibility for this partial failure is borne by EEC and the United States of America. EEC has refused to subscribe to this Agreement, in contradiction with its proclaimed principle of supporting international commodity agreements, and has continued to increase its subsidized sugar exports on the world market, thus engaging in unfair competition with the sugar-exporting developing countries. Sugar exports from EEC on the world free market, which averaged 295,000 tons in 1970-1975, reached 1.2 million tons in 1976, 2.3 million tons in 1977 and more than 3 million tons in 1978. In 1978, EEC earmarked over \$600 million for the purpose of subsidizing this sugar, which disrupts the world market and depresses the price of the commodity. For Cuba, which is primarily a sugar exporter, a difference of 1 cent per pound in the world market price means an annual loss of \$44 million at current quota levels.

With regard to the United States of America, although it signed the International Sugar Agreement, it has not yet ratified it since the United States Congress has made such ratification contingent upon the approval of domestic sugar legislation which is also based on subsidized production and on increased duties on sugar imports.

Sugar is one of the commodities exported by a great number of developing countries and is perhaps the best example of how the developed capitalist countries proclaim one policy in international bodies, such as UNCTAD, and then pursue a contrary policy. It is essential to draw attention from this rostrum to the serious damage which the sugar policy pursued by EEC and the United States is causing to the economies of the sugar-exporting developing countries.

#### *Manufactures and semi-manufactures*

An evaluation of nearly a decade of the GSP makes it possible to state that the objectives for which it was established have not been attained. At present only one quarter of imports from developing countries benefit from the tariff preferences provided for in the schemes.

At the various sessions of the Special Committee on Preferences, the developing countries have drawn attention to the shortcomings of the GSP, such as unilateral actions, discrimination, lack of a legal framework, imposition of quantitative restrictions and, above all, exclusion from the various preference schemes of products of genuine importance to the developing countries.

So long as this situation remains unchanged, it will be extremely difficult for the developing countries to ex-



pand and diversify their exports of manufactures and semi-manufactures.

### *Monetary and financial issues*

We have already drawn attention to the ineffectiveness of the various international monetary and financial institutions, especially IMF and the World Bank, since their structures and mechanisms do not meet or even take account of the interests and objectives of their member developing countries.

We should emphasize the responsibility borne by the developed capitalist countries for the aggravation of the crisis brought about by their failure to curb inflation and disorderly fluctuations in the exchange rates of the major currencies, with the result that the terms of trade are becoming increasingly unfavourable for the developing countries and leading to external indebtedness and the stagnation of their economic development programmes.

At the very least, a new international economic order should guarantee equal rights for the developing countries in the solution of monetary and financial problems.

If the present hopes of certain developing countries to bring about these changes within IMF and the World Bank were fulfilled, that would only aggravate their financial difficulties in the long term by increasing their external debt to unbearable proportions.

According to statistics presented by the UNCTAD secretariat, the total external debt of the developing countries, which amounted to some \$114 billion in 1973, increased to \$244 billion in 1977; it is thought to have continued increasing in 1978 to about \$300 billion, so that an increasing number of developing countries are obliged to shoulder a debt-servicing burden amounting to more than 25 per cent of their export earnings.

As regards flows of private capital to the developing countries, we consider that, owing to the precarious economic situation in which most of those countries are kept by the developed capitalist countries, these flows initially appear to bring about a relative improvement in their economies; however, if Governments fail to introduce the necessary controls, the transnational corporations will reap the greatest benefits from such investments by syphoning off to their head offices the profits made, and this will have a number of adverse consequences for the developing countries, such as anarchical economic growth, stagnation of branches of production in which the transnationals are not interested in investing such capital, and an increase in foreign indebtedness. Flows of private capital must be strictly controlled and steps taken to ensure that they are related to the development plans of the country in question and to limit the amount of profits that can be transferred to the investing countries.

We support the idea of establishing machinery within UNCTAD to examine the conditions that must be satisfied by a new international monetary system and agree that an international conference, open to all countries, should be convened for the purpose of considering the establishment of such a system.

### *Technology*

Radical changes must be made in the international system of technology transfer so as to make technology more accessible to the developing countries on more favourable terms; this would strengthen their national technological capacity and speed up their economic and social development. The underdeveloped world needs the transfer of modern technology, but not at the cost of its real development and its own sovereignty.

Moreover, action must be taken to prevent the power of the transnational corporations from increasing in this sphere and emphasis placed on the importance of adopting a code of conduct on the transfer of technology which would have binding force for the signatories, as well as on the desirability of amending the Paris Convention for the Protection of Industrial Property so that it appropriately reflects the needs of the developing countries.

### *Shipping*

The developing countries look for greater political will among the industrialized countries which own the bulk of the world's shipping tonnage and hope that the latter countries will subscribe to the Code of Conduct for Liner Conferences as a means of regulating freight charges. Measures must be adopted to enable the developing countries to carry up to 50 per cent of the total cargo generated by their own foreign trade and to limit as much as possible the monopolistic power that exists in this sphere.

We support what is stated in the Arusha Programme to the effect that the developed countries should extend credit for ship financing for a term of not less than 12 to 14 years, including an adequate period of grace, and that the down payment should not be more than 10 per cent to 20 per cent of the contract price.

### *Least developed among developing countries*

At the present time, 31 developing countries are classified as "least developed"; they have a population of 253 million and face an extremely serious economic and social situation characterized by certain structural flaws in their economies, a very low *per capita* income, high illiteracy rates, lack of technical personnel, poor health conditions, malnutrition, etc.

My country attaches particular importance to the efforts that should be made to contribute to the economic development of these countries. It is for this reason that, although Cuba is itself a developing country, we have not evaded our responsibility towards countries which are in a more disadvantaged position and extend brotherly co-operation and solidarity to a group of such countries.

Cuba has systematically supported the adoption of special measures in favour of these countries and we are also in favour of convening a special conference on this subject in 1980.

### *Trade relations among countries having different economic and social systems*

The documents submitted by the UNCTAD secretariat reveal that trade between the socialist coun-



tries of Eastern Europe and the developing countries increased by 27.6 per cent from 1976 to 1977, a rate of growth which is much greater than that of the trade of the socialist countries of Eastern Europe with the developed capitalist countries and also greater than the expansion of trade between the CMEA countries in that year.

It will be seen from what I have said that there has been considerable progress in trade relations between the socialist countries and the developing countries during the period between the fourth session of the Conference and the present session. Nevertheless, there is still ample scope for development of these relations, and for this to be done it will be necessary to enter into a systematic and constructive dialogue and negotiation in which the common interests for the two groups of countries will be taken into account, and the characteristics and special features of the centrally planned economies of the socialist countries, and the great difference between them and the developed capitalist countries as regards both objectives and purposes, will be reflected.

The developing countries will always find an ally in the socialist States, both in international forums and in economic and trade relations. Cuba is a good example of how to conduct such relations on the basis of equity and justice, with the objective of exploitation being completely eliminated.

The Arusha Programme accurately reflects this situation when it states: "A new dimension in a restructured international economy exists in the field of trade and economic co-operation between the developing countries and the socialist countries of Eastern Europe and these important links should be nurtured and further strengthened."

It is also important that there should be development of East-West trade, which is currently limited by the discriminatory trade and financial measures applied to the socialist countries by the developed capitalist countries.

#### *Economic co-operation among developing countries*

The failure to heed the main demands made by the developing countries in their relations with the developed world makes it especially important for our countries to make a joint effort to accelerate their economic progress.

The lack of political will on the part of the developed capitalist countries to resolve the pressing economic problems of the developing countries has convinced the latter of the urgent need to strengthen economic co-operation among themselves, as is apparent from the co-operation programmes being conducted between non-aligned countries, the Mexico Conference on Economic Co-operation among Developing Countries and the Arusha Programme for Collective Self-Reliance.

Of course, this strengthening of relations among developing countries does not imply any reduction in the amount of support which the developed countries should provide for their efforts. We urge this session of the Conference to accord the necessary priority to this programme.

There is in the case of the Arab countries a scheme for co-operation among developing countries. But this effort in the economic field can develop only if a just solution is achieved to the Middle East conflict; that entails the restoration of the occupied Arab territories and the recognition of the Palestinian people's right to self-determination. I wish to take this opportunity to reiterate the well-known position of the Cuban Government, which condemns the separate peace signed between Egypt and Israel and upholds the legitimate rights of the Palestinian people.

#### *Institutional issues*

As we are all aware, the original terms of reference of UNCTAD, as set forth in General Assembly resolution 1995 (XIX), were extremely broad, conferring on that body deliberative and negotiating powers, although UNCTAD has traditionally placed more emphasis on the former than on the latter.

We are firmly convinced that UNCTAD should be the United Nations organ for negotiations on all problems of international trade and economic development. We should strengthen the role of UNCTAD and seek to discourage negotiations on the same issues in forums other than the Conference.

In this connection I should like to support what has been said here by Mr. P. J. Patterson, Deputy Prime Minister of Jamaica, concerning the need for certain changes in the methods of work followed at Conference sessions. Normally, ministers and heads of delegations speak only in plenary and once they have made their statements they depart, with the result that little use is made of their presence at the Conference. In our view, the work of the Conference should be organized in such a way that ministers and heads of delegations take a more direct part in negotiations and are able to bring their personal endeavours and decision-making power to bear in efforts to reach agreement on questions under discussion.

Allow me to make a few brief remarks about my own country. Since the triumph of the Revolution, Cuba—an underdeveloped country with limited natural resources—has been making major efforts to achieve economic development and to offer an improved standard of living to its population, and it has achieved results which, although modest, entail substantial changes in relation to the past.

To its successes in the areas of education, public health and culture, Cuba may add a number of important accomplishments in various branches of the economy. Illiteracy, begging, unemployment and prostitution have been eliminated from Cuba for all time. None of this has been easy to accomplish, since our economy too has been affected, through foreign trade, by the consequences of the capitalist world crisis. These achievements have been made possible by the new kind of relations existing with the socialist countries, and particularly the Soviet Union.

In a situation where it was confronted with trade discrimination, restrictions on its access to the main capitalist markets and even a brutal blockade—still being maintained—which was imposed unilaterally by the

United States of America, Cuba found in the socialist markets an outlet for its main export products, reliable supplies to meet its import requirements and favourable credit terms for the acquisition of technology and capital goods. In other words, it found just and equitable relations which are a model of their kind.

My country is a founder member of UNCTAD and has always played an active part in previous conferences and in the many activities sponsored by UNCTAD.

We believe it is in UNCTAD that the complex problems of the international economy should be negotiated and resolved, and hence we attach great importance to the deliberations of this body. This is why my Government took the initiative of offering the city of Havana as the venue for the sixth session of the Conference. We can assure you that we shall take all the necessary measures to ensure the complete success of that session. We hope that this offer will be accepted and that its approval will be recommended to the United Nations General Assembly.

Allow me to conclude with a quotation from Fidel Castro, President of the Council of State and the Council of Ministers of Cuba, concerning the present international economic crisis.

The economic crisis is bound up inseparably with the capitalist system, and in this instance is exacerbated by the cold war policy, the arms race and the repression of the national liberation movement

fostered by United States imperialism after the Second World War, as well as by trade on unfair terms and the ferocious way in which the developed capitalist societies have plundered the natural resources of the world's underdeveloped countries.

Such a policy was bound to result, sooner or later, in a serious world economic crisis, a crisis which is not, of course, experienced personally by the bourgeois and the financial oligarchs of the developed capitalist world or by the feudal figures and rich classes in the underdeveloped world, where such exist, but rather by the industrial workers and common labourers in the towns and countryside of various countries, when in reality poverty and misery are becoming more and more acute in the underdeveloped world.

This is the situation confronting this Conference. It is for the participants in this negotiating process to adopt the positions and decisions which will allow a start to be made on the restructuring of international economic relations with a view to making the transition towards a new international economic order which meets the rightful aspirations to well-being of the peoples of the world.

Cuba, as the country which acts as the co-ordinator of the Group of 77, pledges its modest co-operation in this undertaking. We also know that the socialist countries are prepared to analyse the problems confronting the Conference in a constructive fashion. In the last resort, however, it is the developed capitalist countries that will have to demonstrate that they possess the necessary political will to make the thoroughgoing structural changes which the world economy requires and which cannot be postponed.

**Statement made at the 153rd plenary meeting, on 10 May 1979,  
by Mr. Richard Hlavatý, Director-General, Ministry of Foreign Trade of Czechoslovakia**

On behalf of the delegation of the Czechoslovak Socialist Republic, I should like to express my sincere thanks and appreciation to the Government and people of the Republic of the Philippines for the warm welcome and hospitality extended to us in Manila.

I would like also to express our thanks to the First Lady, Mrs. Imelda Romualdez Marcos, and to President Marcos for addressing our Conference. We have listened with great interest to the address of the Secretary-General of the United Nations touching upon the most urgent problems of the world economy and the contribution that UNCTAD can make to their solution.

Permit me also to use this opportunity to congratulate you, Mr. President, on your election as President of this very important Conference. I am convinced that your wisdom and long experience will ensure that our deliberations will be successful. I also congratulate other members of the Bureau on their election.

Fifteen years have elapsed since the first session of the United Nations Conference on Trade and Development. During this time serious changes have taken place in the world economy, trade and international economic relations. The positive developments which characterized the period of the 1960s were replaced by the crisis of the capitalist world economy of the 1970s, the most serious one since the end of the Second World War. This development has undoubtedly affected the work of UNCTAD as a whole and also shaped the main trends

of its activities. It was no coincidence that the question of raw materials was in the forefront of interest at the fourth session of the Conference in Nairobi, since it called for a solution as a matter of urgency. Contemporary problems are similarly reflected in the negotiations of the fifth session of the Conference and in its agenda, in which some new questions have been included for the first time. In that respect I would in particular mention two questions: assessment of world trade and the economic situation, and measures aimed at structural changes in the international economy and the development of world trade. These two issues undoubtedly deserve special attention because they affect the most serious contemporary problems of world trade and of international economic relations in all their various relationships. The negotiations of the Conference should bring out their real causes and essence, and at the same time also outline the basis for their solution. As is clear from the document entitled "Arusha Programme for Collective Self-Reliance and Framework for Negotiations", the developing countries rightly attach considerable importance to these two issues. The assessment of world trade and the economic situation on the part of the Czechoslovak Socialist Republic and other socialist countries is in many respects close to that of the developing countries.

I have primarily in mind present international economic relations based on unequal rights, the existing rules and principles governing international trade and

the capitalist international monetary system. In their assessment the socialist countries reach the conclusion that the causes of all present problems lie in the very essence of the capitalist economy and in capitalist market relationships. As long as the economy of the developing countries remains within the framework of the capitalist system, it must necessarily suffer from the same ailments.

The concept of structural changes in the international economy is thoroughly analysed in detail in the secretariat documents and in those of the developing countries as one of the basic elements for attaining the goals of the new international economic order. The problems involved are not unknown to the socialist countries. In the 30 years of the existence of CMEA, the socialist countries have gained enough experience in the rearrangement of the structure of the world socialist economy. The basic structural changes were realized on the basis of the co-ordination of national economic plans and long-term target programmes. They are made to correspond to the national interests of individual member States and lead to a gradual equalization of the level of these countries. The Czechoslovak Socialist Republic and other socialist countries are willing and ready to share their experience within the framework of UNCTAD when resolving these problems.

The activity of UNCTAD has been devoted in the last three years to the implementation of resolutions and recommendations adopted at the fourth session of the Conference, in Nairobi. The evaluation of this period is contained in the UNCTAD secretariat's documentation and was to a great extent set out in the valuable and comprehensive statement of Mr. Gamani Corea, the Secretary-General of UNCTAD. We cannot but agree with him that, in spite of some progress, a number of problems are yet to be resolved.

The problem of commodities and the implementation of the Integrated Programme for Commodities met with difficulties which turned out to be far greater than could be anticipated at the time of the adoption of Conference resolution 93 (IV). With the exception of the United Nations Conference on the Common Fund, at which considerable results were achieved, practically no visible progress was made in the preparatory meetings on the majority of commodities covered by the Integrated Programme.

Natural rubber was the only commodity on which the negotiating conference was convened. Considerable progress has been achieved in the field of the transfer of technology, but even here we have yet to find solutions to a few—but rather important—questions.

Financing and monetary issues, including problems of the indebtedness of developing countries, ranked among the most difficult issues on the agenda of the fourth session of the Conference and have remained open till now. Trying to find a proper approach to these issues, and especially to the problem of indebtedness, we must in our opinion focus our attention not only on the financial inflow to the developing countries but more on the outflow to the advanced market-economy countries which, according to various studies, is in fact far larger than the inflow.

Multilateral trade negotiations within the framework of GATT officially came to an end last month after six years. For most countries, including the developing countries, they ended with disappointment because they fell far short of attaining the goals set by the Tokyo Declaration of 1973. The results of these negotiations include provisions which make it possible to introduce new protectionist measures and legalize discriminatory measures which have been anti-contractual so far, including provisions which explicitly discriminate against a whole group of countries. This suggests that GATT is steadily moving away from the basic objectives of the General Agreement on Tariffs and Trade.

The last item of the agenda of this Conference I would like to speak about concerns trade relations among countries having different economic and social systems. The Secretary-General rightly pointed out in his introductory statement that this flow of trade is an inseparable part of the world economy and international trade, and should be treated as such.

All internationally agreed measures, whether they concern the restructuring of international economic relations or changes in the rules and principles governing international trade, can in practice be implemented only in conditions of the preservation of world peace and security, the cessation of the arms race and the reduction of military budgets, in an atmosphere of growing confidence and understanding in relations among countries with different social and economic systems. The socialist countries therefore closely connect the question of development with the question of peace and security in the world.

The Czechoslovak Socialist Republic is interested in the permanent development of economic and trade relations with all countries, regardless of their social systems, which are interested in economic co-operation with Czechoslovakia on the basis of equality, mutual advantage, non-discrimination and non-intervention in internal affairs.

In the external economic relations of the Czechoslovak Socialist Republic, special attention is paid to the development of economic and trade co-operation with the developing countries. There have been further positive developments in this respect since the fourth session of the Conference. They include not only a quantitative increase in mutual exchanges of goods, but also the strengthening and expansion of existing forms of co-operation. The statistical data on mutual relations are contained in the documents of the secretariat, and it is not necessary to repeat them. They reveal that trade among the socialist and the developing countries has been the most dynamic sector of world trade in the past period. Long-term trade agreements, agreements on economic co-operation and agreements on scientific and technological co-operation which create a framework for long-term and stable co-operation and bring a factor of certitude into mutual relations remain the basic forms of Czechoslovakia's relations with the developing countries.

In addition to long-term agreements, industrial co-operation is increasing in importance, particularly with industrially more advanced developing countries, and it should be of great significance in the future. Trilateral

co-operation, co-operation in third markets and joint undertakings are in the stage of development. These forms of co-operation offer considerable scope for further expansion and intensification of economic relations to both sides. Common projects of the socialist countries in the developing countries—in which the Czechoslovak Socialist Republic also participates—are of great importance for the development of industrial production and agriculture in the developing countries. I think that it is in the interest of the two sides to continue to develop and intensify these forms of co-operation.

Machinery, equipment and complete plants represent some 60 per cent of total Czechoslovak exports to the developing countries. I should like to underline that most of them are realized on the basis of long-term governmental credits, and that repayment is mostly in the form of deliveries of goods by the developing country in question. In this way the Czechoslovak Socialist Republic has built dozens of industrial plants in Asia, Africa and Latin America which help to increase the industrial potential of the developing countries.

The raw materials and semi-finished products which are indispensable to advance Czechoslovak industries continue to account for the bulk of Czechoslovak imports from the developing countries. Simultaneously, conditions are created in the Czechoslovak economy for increasing imports of finished products from the developing countries.

A number of trade policy measures have also been adopted. The so-called second state of the reduction of customs preferences in respect of imports from the developing countries came into force on 1 October 1978. On the basis of these measures, customs duties on imports from the developing countries were reduced by 75 per cent and duties on imports from the least developed countries were suspended. The number of exceptions has also been reduced. This arrangement will also stimulate imports of finished products from the developing countries to Czechoslovakia.

The system of payments between the socialist and developing countries is also in the forefront of the interest of the developing countries. In that respect, the Czechoslovak Socialist Republic fully complies with the requirements of the developing countries for a multilateral system of payments. At present the clearing system of payments exists with only four developing countries, and this is in accordance with the partners'

wishes; in other cases payments are based on free currencies.

This part of my statement cannot possibly exhaust all the aspects co-operation with the developing countries, which is certainly broad and rich. Nevertheless, even this short survey reveals that there are further possibilities of co-operation, advantageous for both sides, and that an active approach must be adopted to their utilization.

Permit me to mention in brief our economic relations with the industrially advanced market-economy countries.

Czechoslovak foreign trade with the industrially advanced capitalist States has been expanding since the last session of the Conference. The volume of trade with these countries increased by more than 7 per cent last year. However, the balance of trade of the Czechoslovak Socialist Republic with these States remains highly in their favour, because our imports are some 25 per cent greater than Czechoslovak exports to the markets of these countries. On the Czechoslovak side, concrete measures are being taken to create more favourable commercial conditions for the development of international co-operation among States with different social systems. On the other hand, a number of developed capitalist countries continue to maintain and even to expand protectionist measures which discriminate against the socialist countries. There is a regression in the process of liberalization of international trade which prevents the stable development of mutual economic relations. In present conditions it is a factor which not only complicates for process of the strengthening of international co-operation but also fails to create favourable prerequisites for the future. Protectionism in all its forms together with all kinds of limitations is one of the main commercial problems in East-West relations, and their abolition is a condition for the further development of mutual economic and trade co-operation. I am paying more attention to this problem in order to underline that the protectionist measures applied by the developed capitalist countries adversely affect not only trade with developing countries but are of great consequence to the trade of socialist countries as well.

In conclusion, I wish to express my conviction that the negotiations at and the results of this Conference will significantly contribute to the solution of current problems of world trade and economic co-operation in the interest of their further development for the benefit of mankind as a whole.

**Statement<sup>1</sup> made at the 163rd plenary meeting, on 17 May 1979,  
by Mrs. Ieng Thirith, Minister of Social Affairs of Democratic Kampuchea**

On behalf of the delegation of Democratic Kampuchea, I should like first of all to congratulate Mr. Carlos P. Romulo most warmly on his richly deserved election as President of the fifth session of the United Nations Conference on Trade and Development. His election is a tribute both to his exceptional personal qualities and to his great country. Under the leadership of President Ferdinand E. Marcos, the Republic of the Philippines has been outstandingly successful in its attempts to establish an independent economy, its struggle to preserve its independence and sovereignty and its contribution to the strengthening of international co-

<sup>1</sup> Mrs Ieng Thirith having been invited by the President to make her statement, points of order were raised by a number of representatives, as follows:

The representative of Bulgaria, speaking also on behalf of the Byelorussian SSR, Czechoslovakia, the German Democratic Republic, Hungary, Mongolia, Poland, the Ukrainian SSR, and the USSR, said that, as a result of the people's revolution in Kampuchea, the regime of Pol Pot and Ieng Sari had been overthrown. Therefore the admission of a representative of the overthrown clique at the fifth session of the Conference was an illegal act and represented a hostile attitude towards the people of Kampuchea. The only legal government at present in Kampuchea was the People's Revolutionary Council, which exercised a sovereign power throughout the territory of its country and had the full support of the Kampuchean people. Thus the legitimate right to speak on behalf of that country was with the representatives of the People's Revolutionary Council; to ignore this reality could only introduce undesirable complications in the work of the fifth session of the Conference.

The representative of Viet Nam stated that the Democratic Kampuchean regime had been overthrown by the Kampuchean people in January 1979. The so-called representatives of that defunct regime had no right to speak on behalf of the Kampuchean people at the present session of the Conference, and thus any allegations made by them must be considered null and void.

The representative of Cuba stated that, since January 1979, when the popular forces of Kampuchea had ended the hateful reign of terror imposed by the Pol Pot and Ieng Sari clique, the people of Kampuchea had been striving to reconstruct their country, which had been devastated by the brutal actions of those who had arrogated to themselves the right to put to death tens of thousands of Kampuchians and to destroy the basis for production and life of Kampuchea with the aim of dragging it down into slavery and servitude. During the present session of the Conference, certain members of a regime that no longer existed, and that was claiming to represent the people which had overthrown it, had been seen in the plenary hall. His delegation had been surprised to find that these puppets, who did not represent anyone, intended to make a statement, and wished to make clear its position regarding the regime of so-called Democratic Kampuchea. His Government recognized only the lawful Government of People's Kampuchea and firmly condemned those who, without a capital city, without a people and without a territory, were now claiming the right to speak on behalf of the suffering and heroic people of Kampuchea, a people which, under a government that represented its interests and its most legitimate aspirations, would be able to show that it was capable not only of recovering from the wounds caused by genocide and devastation but also of marching forward rapidly along the path of genuine development with the solidarity, assistance and support of all peoples of the world.

The representative of Afghanistan associated himself with the statements of the previous speakers, adding that the old Cambodian regime had been overthrown by the revolutionary forces in Cambodia. The representative of the old regime legally could not represent Cambodia. His delegation recognized only the representatives of the legitimate regime of Cambodia and therefore considered that the representative of the old regime could not speak at the Conference.

The President noted the statements reported above.

operation and to the defence of peace, security and stability in the region. At a time when my country, Democratic Kampuchea, is being subjected to aggression and invasion on a large scale the Philippines has spontaneously come out in favour of Kampuchea's independence. There is therefore more than one reason for my delegation to be happy that the fifth session of the Conference is being held here in Manila, the beautiful and hospitable capital of the Philippines.

My delegation would also like to express to President Ferdinand E. Marcos, to Mrs. Imelda Romualdez Marcos, First Lady of the Philippines, and to the Government and people of the Philippines, its deep appreciation and sincere thanks for the warm hospitality and attention which it has received. In particular, the outstanding keynote address by President Ferdinand E. Marcos has provided a felicitous and significant start to the work of our important Conference.

My delegation also wishes to pay a sincere tribute to our Secretary-General, Mr. Gamani Corea, and to all the members of the UNCTAD secretariat for carrying out their tasks so competently and efficiently.

The delegation of Democratic Kampuchea would also wish to address special greetings to all delegations present who come from countries which hold peace, justice and independence dear. Their Governments have offered their most valuable sympathy, solidarity, encouragement, aid and support to the just cause of the people of Kampuchea at a time when it has been forced once more to take up arms against the invader in order to ensure that Democratic Kampuchea will endure and live for ever as an independent, united, neutral, peaceful and non-aligned country, assumed of being able to advance unhindered along its path to development and to make its contribution to international co-operation.

My country, Democratic Kampuchea, is currently the victim of the most barbarous large-scale aggression and invasion. Although my Government is very occupied in organizing and directing the people's war of national resistance against the invaders, it has not hesitated to send our delegation to participate in the fifth session of the Conference, in the firm conviction that, together with the developing countries, it will be able to participate with the whole international community in the effective establishment of a just and equitable new international economic order.

My delegation wishes to reaffirm here its support for the Arusha Programme for Collective Self-Reliance and Framework for Negotiations. It considers that this Programme should serve as a basis for the work of the Conference at its present session.

Basing themselves on the Declaration and the Programme of Action on the Establishment of a New International Economic Order and the Charter of Economic Rights and Duties of States, the developing countries have for the past five years made strenuous efforts to establish a just and equitable economic order. The

Manila Declaration and Programme of Action of the Group of 77 and the fourth session of the Conference were important stages in this undertaking. In spite of the difficulties and misunderstandings which have arisen during negotiations with the developed countries, the developing countries have displayed a spirit of co-operation and a sincere wish to establish a relationship with the developed countries which is constructive and based on trust. Recently, an agreement was reached on the fundamental elements of the Common Fund with a view to stabilizing commodity prices. However, in order to change the present world economic order, which remains contrary to the interests of the poor countries, further sustained efforts are required. My delegation hopes that our Conference will bear well in mind the developing countries' wish to attain the effective establishment of the new international economic order. Exasperating experiences of interminable negotiations with no tangible results must not be allowed to continue to the detriment of the developing countries. If this state of affairs persists in a world whose economy is currently undergoing the most acute crisis, the threat to international peace and stability is bound to grow.

In this respect a tribute must be paid to the encouraging trend being promoted by a group of small industrialized nations which have realized that the present injustices can no longer be tolerated and that an orderly change has become necessary in the interests of all. The present situation requires that this trend should gain ground. Since the acquisition of their political independence, the peoples and Governments of developing countries have directed all their efforts to building up an independent economy and safeguarding their national sovereignty and territorial integrity. Although most of them have achieved some progress in industrialization, scientific research, diversification of exports and food production, we must none the less recognize that in general the developing countries have not yet known a prosperity in proportion to their efforts. The Arusha Programme is therefore nothing less than just and equitable. My delegation earnestly calls upon our Conference to take fully into account the legitimate and rightful aspirations of the developing countries.

Above all, however, my delegation would like to emphasize that, as has been stressed in the Arusha Programme, the implementation of the Declaration and the Programme of Action on the Establishment of the New International Economic Order and the application of the Charter of Economic Rights and Duties of States require full respect for the principles of sovereign equality among independent States, non-intervention in internal affairs, respect for different economic and social systems and the sovereign right of each State—in other words, respect for the Charter of the United Nations. No economic development is possible unless these principles are respected.

In my country, after 17 April 1975, the people of Kampuchea, having become master of the country and benefiting from a state of relative peace on its eastern frontier, was able by its own efforts to overcome the many difficulties caused by a war in which more than 1 million inhabitants—13 per cent of the popula-

tion—had been killed or wounded and 80 per cent of the country laid waste. Our people, united as one, immediately plunged eagerly into the gigantic task of restoring the national economy and in three years succeeded in introducing modern agriculture, while at the same time a progressive industrialization of the country was undertaken. The countryside was taking on another aspect. Industry, handicrafts, techniques and basic sciences were beginning to take shape and were developing gradually, with agriculture as their foundation. The living conditions of our people were improving noticeably in all aspects. Everybody had enough to eat, decent clothing and housing, the benefit of free medical care and every opportunity to raise his level of culture.

However, the most barbarous, large-scale war of aggression and invasion currently being waged against Democratic Kampuchea has brutally reduced to nothing the national construction efforts of our entire people. Invading troops are sowing ruin and destruction and annihilating, burning and massacring everything and everyone in their path. The war of aggression of which Democratic Kampuchea is at present victim does not have the character of a conventional colonial war; it is a war of genocide, its aim is to wipe out our whole nation, our whole race. Under these conditions our national economy is being systematically destroyed in a way hitherto unknown throughout the 2,000-year history of our nation.

My delegation would stress that the principles of equality and mutual respect reaffirmed in the Arusha Programme are fundamental, not only because Democratic Kampuchea is the victim of flagrant and barbarous violation of these principles but also because the Charter of the United Nations is being shamelessly violated and this violation is putting the noble efforts of our Conference in danger.

I say this because the war of aggression and invasion being waged against Democratic Kampuchea is now spreading to neighbouring countries and taking on the aspect of a regional war. Those responsible for the war aspire to the establishment of a so-called Indo-Chinese Federation under their domination and, what is more, they harbour expansionist ambitions in regard to the whole South-East Asian region. As inveterate liars, they know how to assure the world with honeyed words that they merely wish to take over Kampuchea and that they have no expansionist aims beyond the frontiers of our country. But despite all their efforts, they cannot hide the true nature of their ambition for regional expansionism, an ambition which coincides with the ambition on a world level of international expansionists who wish to become masters not only of South-East Asia but also of the Asia and the Pacific region by means of their odious system of collective security in Asia and by controlling all the channels of communication in this part of the world.

The war of aggression and invasion against Democratic Kampuchea is therefore seriously threatening peace, stability, security, national economic development and international trade, as well as the vital interests of the South-East Asian countries, of Asia as a whole and of the world. If this war continues, will the noble efforts now being made by UNCTAD to bring



about a new international economic order have a sufficiently sound basis for the anticipated results to be achieved?

Assembled in a broad united national front, our people, under the leadership of the Government of Democratic Kampuchea, is heroically sacrificing itself to wage a war of national resistance. This war, it is true, constitutes a historic national task which our people must fulfil in order to protect their vital interests and their sacred national rights, but at the same time it represents a noble contribution to the defence of peace, stability and security in South-East Asia, in Asia and in the world, for it is protecting the vital interests of these regions. It is for this reason that our war of national resistance has the sympathy and the support of all peace-loving and justice-loving countries in the world and, in particular, the ASEAN countries, which have taken a firm stand in favour of independence for Democratic Kampuchea. In order to safeguard their vital interests, now at stake, these countries have had the foresight to demand the immediate, total and unconditional withdrawal of invading troops from Democratic Kampuchea. They have also had the foresight to cut off all aid to the aggressors and resolutely to oppose attempts on the part of these aggressors to legalize their crimes in Democratic Kampuchea by

seeking to obtain by every means the recognition of the puppet organization which they have installed in Phnom Penh and which is merely the reflection of occupying troops. More important still, these countries have had the foresight to block the aggressors' treacherous manoeuvres to have the world agree to a second Munich, that is, to their annexation of Kampuchea in exchange for a spurious peace.

My delegation is moved by this solidarity, which is also manifest in the Arusha Programme. It calls upon all peoples and all peace-loving and justice-loving Governments to make even greater efforts to bring about the immediate, total and unconditional withdrawal of the invading troops from Democratic Kampuchea and to assist it in all ways and by all means to resist the aggressors.

For their part, the people and the Government of Democratic Kampuchea will fight the aggressors to the bitter end to ensure an independent, united, neutral, peaceful and non-aligned Kampuchea, however great the sacrifices to be made. In so doing, they will be contributing to the establishment of the new international economic order by upholding the ideals of independence and peace and by safeguarding stability and security in the region.

**Statement made at the 164th plenary meeting, on 17 May 1979,  
by Mr. Li Song Rok, Deputy Minister of Foreign Trade of the Democratic People's Republic of Korea**

I am happy that the delegation of the Democratic People's Republic of Korea is participating in the fifth session of the United Nations Conference on Trade and Development in Manila, the capital of Philippines.

I warmly congratulate you, Mr. President, on your election to preside over this session. We express our gratitude to President Marcos and to the First Lady, the Government and the people of the Philippines, who have exerted their utmost efforts to provide all facilities to delegations for a successful fifth session of the Conference.

The session takes place amid great expectations and interest on the part of the countries of new emerging forces and the progressive peoples the world over who follow vigorously the road of creating a new life under the banner of independence.

We believe the current session will contribute much to the struggle to destroy the old economic order and establish a new order and achieve the independent development of the peoples of the world.

Marshal Kim Il Sung, the respected and beloved leader and President of the Democratic People's Republic of Korea, taught as follows: "The old international economic order is the outcome of the colonialist system and is the means of domination, control, exploitation and plunder by the imperialists. With the old international economic order intact, the developing countries cannot get rid of property, nor build an independent national economy successfully."

It is an urgent need of our times and an inevitable process of the development of human history that all the progressive peoples of the world should abolish inequality in the international economic order and the old system of control, exploitation and plunder by the imperialists and establish a new order based on complete equality and independence.

Ours is an era of independence. No force can hold back independent development, which is a global trend.

Formerly oppressed and maltreated Asian, African and Latin American peoples have emerged on the stage of history as full-fledged masters and today shape their own destinies. There are no people anywhere in the world who want to live in subjugation to others; no nation will allow its dignity to be trampled under foot. The peoples suffering under the colonial rule of foreign aggressors want to be independent of it. The peoples of the countries that have won independence want to defend their national sovereignty and achieve genuine economic self-sufficiency.

In reflection of such requirements of the times and the common aspiration of the world's peoples, the Conference should take a great step forward in restructuring fundamentally the old international economic order and establishing a new equitable order and helping the developing countries achieve independent development.

We believe that the present regulations and principles governing international commercial and economic relations should be recast, and that the present structures



should be reformed to suit the requirements of a new international economic order. The imperialists and colonialists take away from the developing countries the natural resources and the fruits of the labour of those countries at low cost to themselves, while reaping huge gains through capital export and unreciprocal exchange. The imperialists and colonialists have kept on raising the prices of their industrial exports while paying less for their raw materials imports, and so make profits of billions of dollars every year. The deficit of the developing countries in their trade with the Western capitalist countries was \$19.3 billion in 1960, \$180 billion in 1976 and is now \$240 billion.

All these facts show that the developing countries will be able to get rid of foreign debts and achieve their independent development and national prosperity only when they adopt resolute measures to establish a new, equitable economic order.

It is one of the fundamental requirements for the development of an independent national economy that the developing countries should exercise full sovereignty over, and develop and utilize, their raw material resources in the interests of their peoples. The developing countries should push ahead the implementation of the agreement on basic elements of the Integrated Programme for Commodities by their concerted efforts.

We consider that greater attention should be paid to the active fostering and implementation of the initiatives of the developing countries aimed at doing away with non-reciprocal trade exchanges, which are extremely harmful to the developing countries, and securing equitable balances between the export and import prices of raw materials and manufactured goods.

Since the developing countries still have little economic capacity and a low level of productive powers, the developed industrialized countries should extend unconditional assistance to the developing countries in order to enhance their productive technology and economic capacity and should open their doors to imports from the developing countries.

We support the position that the code of conduct on the transfer of technology should be adopted at this session and should be legally binding.

We strongly denounce the imperialist Powers which exert pressure upon the developing countries and forcefully demand economic concessions from them, and who shift the burden of their own economic crisis on to the developing countries, with so-called "aid" as a bait.

It is wrong to think that the developing countries cannot live without depending on the Western Powers. Instead, the Western Powers cannot live without Asia, Africa and Latin America, which have the majority of the world's population, vast territory and immense natural resources.

The Western countries should have a correct understanding of the position and mission of the peoples of the new emerging forces in Asia, Africa and Latin America in the world economy and international relations; they should accept the programme submitted to this session by the developing countries.

Technical support and assistance to the developing countries should contribute to the independent development of the recipient countries; it should never encroach upon their independence or sovereignty. We feel it necessary that new measures should be taken on the basis of the analysis of the implementation of resolution 97 (IV) on measures for control over and restriction on the multinational corporations adopted at the fourth session of the Conference.

The strengthening of unity and of economic and technical co-operation among the developing countries is of great significance in the struggle to destroy the old international economic order and to establish a new order.

We hold that the present session should study fully the possibility of co-operation among the developing countries in accordance with the resolution adopted at the Fourth Ministerial Meeting of the Group of 77 and should take measures for the implementation of multilateral co-operation among the developing countries in the economic, technological, trade, transport, financial and monetary fields.

The imperialists, facing a serious oil, fuel and raw materials crisis, try to split and alienate the developing countries, to stir them up and to set them against one another. In such circumstances, it is imperative for the developing countries to strengthen their political unity and economic and technical co-operation.

Our country, a developing socialist country, is a member of the non-aligned movement. It is also a member of the Group of 77. Because of the identity of the past and the common goal of today, our country, standing firmly on the side of the developing countries in Asia, Africa and Latin America, will co-operate to strengthen the economic and technical exchanges on the principle of fulfilling each other's needs.

After the liberation, our people with the immortal Juche idea as the guiding principle have carried out the historic task of socialist industrialization and have laid a firm foundation for an independent national economy, overcoming difficulties and relying on themselves.

Industrial production in our country rose by 30 times during the 30-year period between 1946 and 1977; the share of the engineering industry in the value of total industrial output rose from 5.1 per cent to 33.7 per cent during the same period.

Our country exploits its own natural resources by itself and 70 per cent of the raw materials and fuels needed for our industry comes from domestic production.

We shall be able to produce 60,000 million kWh of electricity, 8 million tons of steel, 80 million tons of coal, 5 million tons of chemical fertilizer, 5 million tons of machinery, 20 million tons of cement and 10 million tons of cereals when we accomplish the second seven-year plan. This provides not only the material basis for the powerful development of the country but a firm foundation for foreign economic relations, particularly for continuous strengthening of economic and technical co-operation with developing countries.

The economic construction in our country has been carried out under the difficult circumstances of its territorial and national division for 35 years.

The reunification of the fatherland remains the greatest national task of our people.

I take this opportunity to express our gratitude to the socialist countries and the countries of new emerging

forces which actively support our people in their just struggle to realize the country's reunification independently, in a democratic manner, by peaceful means, reflecting the unanimous will and aspiration of our people.

I believe the present session of the Conference will bring about the desired results and contribute much to the happiness and prosperity of mankind.

**Statement made at the 157th plenary meeting, on 14 May 1979,  
by Mr. Ahmed Obaid Fadhle, Minister of Trade and Supply of Democratic Yemen**

I have pleasure in congratulating the President on his unanimous election to preside over this important Conference. His election does honour to his country and constitutes due recognition of his experience and ability to bring this session to a successful conclusion. It also gives me pleasure to express our appreciation and gratitude to the Government and people of the Philippines for the meticulous preparations they have made and for the warmth of the hospitality with which they welcomed us on our arrival and which continues to overwhelm us.

Special significance attaches to the convening of the Conference at this particular point of time, for it is being held on the threshold of the third United Nations Development Decade. The experience of the previous two Development Decades has revealed serious shortcomings, and after those two decades the developing countries still find themselves trapped in the vicious circle of underdevelopment. Moreover, the many conferences and meetings held over the last five years at various levels for talks and negotiations on the establishment of the new international economic order have failed to meet the expectations and ambitions of the developing countries; indeed, they have been a disappointment to those countries. Most capitalist countries which control the workings of the prevailing international economic order still fail to respond adequately to the new developments in the post-Second World War world, which demand radical changes in the structure of international economic relations. Multinational monopolistic corporations exploit the resources and riches of developing countries and refuse to abide by a code of conduct that would require them to organize their activities in conformity with the priorities, development plans and basic interests of those countries. We also see that the gap separating the developed from the developing countries continues to grow wider and wider, leaving millions of people in the developing countries in absolute poverty and depriving them of even the simplest and most basic requirements for decent living.

This situation could be rectified only if the developed countries manifested the political will to transform their intentions and promises into realities. For then the developing countries could reap benefits, obtaining a fair share in international trade, acquiring the ability to develop their production potential and their local technological capacity so as to industrialize and diver-

sify their economies and to find markets in the developed countries for their manufactures and semi-manufactures without the barriers and restrictions of protectionism, whose harmful consequences and adverse effects are damaging not only to the interests of the developing countries but also to the entire world economy.

It is also necessary to reform the international monetary system to cope with the requirements of development and achieve sustained growth in the developing countries, particularly the least developed among them, with due regard to their special conditions and limited capacities and potentialities, and to enable them to overcome their balance-of-payments deficits and provide them with financial facilities to meet their debts, which are a basic obstacle to their development. If these changes are lacking, the new international economic order cannot be established, nor can the concept of international interdependence have any meaning or substance.

The new international economic order must be based on the principles of justice, equality and respect for the independence and sovereignty of States, without threats or blackmail. The time has come for the developing countries to obtain their fair share in the decision-making process and to play an effective part commensurate with their size and potentialities. The negative aspects of capitalist policies have harmed the developing countries in particular, curbing their development, especially as regards fluctuations in exchange rates, inflation and unemployment.

Unfortunately, we notice that the percentage of ODA is decreasing instead of rising to reach the target of 0.7 per cent of the GNP specified in the International Development Strategy. Notwithstanding our recognition and appreciation of those industrialized countries which have initiated a positive line of action in order to attain the required target, we still maintain that most of those countries have failed, under cover of various excuses and pretexts, to shoulder their responsibilities fully in this regard.

The majority of the least developed among the developing countries live in a state of appalling backwardness. Some of them have minus growth rates in *per capita* income, and this places on the international community a responsibility to direct its attention to the pressing problems of those countries and to pro-

vide them with unconditional aid and technical and material assistance. A considerable proportion of the assistance and facilities extended to these countries remains limited in scope and confined, moreover, to a few of them. Their benefits are not extended to all other underprivileged countries to enable them to proceed, with whatever human and material resources they may possess, towards the economic and social transformations needed to serve the interests of the broad masses of the poor. Such is the policy adopted by Democratic Yemen, one of the countries that are least developed and most seriously affected by international economic crises.

The Arusha Programme outlines the crash programme and other necessary measures in favour of those countries over the next few years, and also the Substantial New Programme of Action for the 1980s, with the objective of remodelling their economies in the direction of self-sustained development and enabling them to provide at least minimum standards of nutrition, health, transport and communications, housing, education and employment opportunities, particularly for the rural and urban poor. This is even more urgently necessary in the case of the countries that are subject to natural disasters from time to time. It is our hope that this Conference will provide a helpful atmosphere and favourable conditions for the adoption of the Programme.

Among the fundamental questions to be studied and analysed by the Conference, the Common Fund and the Integrated Programme for Commodities are two examples of complicated and interrelated issues. Furthermore, they may constitute a test of the effectiveness and scope of international co-operation and the establishment of the new international economic order. We are proud and appreciative of the role played in this regard by UNCTAD. We further express satisfaction at the outcome of the last Negotiating Conference on the Common Fund, which agreed on the basic elements for defining the nature and the scope of the Fund. This is only a beginning, for the establishment of the Fund should be followed by negotiations—necessarily tedious and complicated—to make the Fund a viable and effective instrument equipped with the necessary resources for performing its functions, from which the developing countries expect a great deal. The Fund would endeavour to achieve stability of trade in commodities of export interest to developing countries, and to improve marketing facilities for and international trade in such commodities.

The developing countries have come to realize the retrogressive and weak points in prevailing international economic relations and in the foundations of international co-operation. They have also become aware of their own source of strength. Hence their movement to draw up their strategy for collective self-reliance as an essential corner-stone for the new international economic order and as an effective tool for bringing about structural changes and developments in the international economy. Developing countries indeed possess many human, technical and material resources and potentialities. Besides, they share experience and stages of development that are similar, although in varying

degrees. All that is needed is for the developed countries to encourage this tendency, which incidentally constitutes a basic dimension in international co-operation with the developed countries.

Democratic Yemen is following a development policy based on socialist planning, and has many economic and social gains to its credit in its development efforts. This year it is embarking on the implementation of the second five-year development plan, which gives priority to the sectors of fisheries, agriculture, light industry and prospection for natural resources. In this it relies both on its own capacities, potentialities and initiatives and on aid and loans, particularly those coming from some of the other Arab States, friendly socialist States and international organizations.

In the sphere of regional integration we are aiming at co-ordination and co-operation at the Arab level, especially in our Yemeni homeland, because of our faith in the unity of Yemen and in implementation of the objectives and premises of our Yemeni party and people.

Sometimes, however, our efforts come up against imperialist and reactionary plots and aggression designed to obstruct the economic and social forward march of our system and people and to subject them to colonialist domination and imperialist dependence. It is ironical to note that huge sums are being used to stockpile weapons of destruction and tools of war and aggression against peoples rather than to achieve development and stability.

International co-operation is the path for all of us to ensure the freedom and well-being of mankind. Developing countries which have long fought to achieve political independence are now engaged in the struggle against all forms of neocolonialism and in favour of economic independence free from the yokes of underdevelopment, subjection and exploitation, a struggle waged within the framework of international co-operation and integration.

However, some peoples are still shackled by a colonialist domination which denies them the simplest of all human rights: they are deprived of their right to self-determination and sovereignty, their lands are occupied, and their resources and wealth are looted. The international community and the peace-loving forces have a responsibility to support the struggle of those peoples, whether in Palestine or South Africa, to attain freedom and independence. There is no doubt that the existence of colonialist, racist and Zionist forces constitutes a threat to world peace, security and stability and poses a threat to the prospects and possibilities of international détente and co-operation. No solution that is not based on justice can endure. This applies to the agreements of Camp David and the so-called "internal settlement" in Zimbabwe, which will certainly meet with their inevitable fate, for such settlements and agreements fail to respect the will of peoples and their just and internationally recognized rights. Israel, which was founded on force, terrorism and aggression, has not been content with usurping Palestine and rendering the Palestinian people homeless; it has gone so far in its expansionist policies as to occupy other Arab territories, to exploit their resources and their wealth and to establish set-

lements there, thus violating the Charter of the United Nations and United Nations resolutions. Then came the treacherous and defeating agreement of Camp David, giving legality to occupation, expansion and looting, all of which are rejected by the international community.

I have touched briefly on the more important issues to which we attach special importance. We see this Conference as particularly significant as being the focus of the hopes and aspirations of the developing coun-

tries—if we genuinely want those countries to make up for past disappointments. That being so, all means of ensuring success should be made available to the Conference so that dialogue and negotiation between developing and developed countries can be salvaged from the present state of stalemate or, at best, limited and slow progress. It is accordingly our hope that the conclusions of the Conference will represent some kind of positive first step that will lead us to the objectives and ambitions which we are all endeavouring to achieve.

**Statement made at the 152nd plenary meeting, on 10 May 1979,  
by Mrs. Lise Oestergaard, Minister without Portfolio with Special Responsibility  
for Foreign Affairs of Denmark**

I join the previous speakers in congratulating you, Mr. President, on your election to the presidency of the fifth session of the United Nations Conference on Trade and Development, and I wish you every success in this high office. At the same time, I wish to express our gratitude to the Government and the people of the Philippines for the great hospitality which we receive. The fact that the Conference is being held in Manila reflects the prominent and constructive role which your country has played consistently in international issues, and this applies especially to the North-South dialogue.

It is a sad fact that the global economic situation in many respects is no less serious today than it was at the time of the fourth session of the Conference. Despite some improvement in 1978, the international economic situation is still very fragile. In many countries—like my own—growth rates are still low, but as the balance-of-payments deficit remains high our possibilities of implementing a more expansive economic policy are very limited.

The efforts to overcome the global crisis have revealed the extent to which the economies of the world depend upon each other, and consequently the need for increased international co-operation, and furthermore the need in many countries for structural adjustment as a prerequisite for economic growth.

It is indeed a fact that there has been no lack of international negotiations these last years. Does the present shape of the world then imply that these negotiations have been futile? No, far from it. The North-South dialogue has indeed produced results, and I believe that nobody questions the need for a continued global dialogue. The alternative would be increased instability or confrontation by which all would stand to lose.

Denmark attaches the utmost importance to the fifth session of the Conference as an element in this necessary dialogue.

We are still far from having succeeded in eliminating the vast global disparities in the economic field. Some of the poorer countries have even become still poorer. More than 700 million people in today's world live under conditions below subsistence level. They are unable to assure the basic needs of employment, adequate food, clothing and shelter, and safe water, de-

cent sanitation and simple health and education facilities are not available.

But the picture is not without bright spots. Firstly, the gratifying trend that some developing countries are experiencing rapid development and growth.

Secondly, the recognition of the need for achieving a more just and effective global economic order by means of gradual structural changes.

Thirdly, the concrete results which, after all, have been achieved in negotiations since the fourth session of the Conference. The latest, and perhaps most significant, of these results is the agreement on the central elements of the Common Fund. Also the negotiations on individual commodities have recently seen a breakthrough towards an international rubber agreement. These results signify a major step forward in implementing the Integrated Programme for Commodities which Denmark has supported from the outset. There have also been other positive results of the dialogue, for example as regards debt relief and resources for international development banks.

The developing countries consider the progress achieved to be far from adequate, and in the comprehensive Arusha Programme for Collective Self-Reliance and Framework for Negotiations they have presented their demands and expectations with respect to this Conference. My Government understands the aspirations of the developing countries and is convinced that the Arusha document will form a constructive element in our forthcoming discussions. The Programme attaches great importance to the establishment of comprehensive economic co-operation among the developing countries. Such co-operation should be appreciated by the industrialized countries, since the long-term effects will benefit the world community at large.

Denmark accepts the need for a new international economic order. Accelerated development of the poorest regions of the world must be an overriding goal of the international community. It is necessary, therefore, to improve these countries' possibilities of participating effectively in the international economic system. A basic aim of the North-South dialogue should be increased international division of labour, coupled with a more extensive and genuine solidarity between in-

dustrialized countries and developing countries. Division of labour and solidarity have been driving forces behind the prosperity of my own country. Economic and social progress has been furthered by measures adapted to individual groups and circumstances. In international economic co-operation, the different stages of development of countries call for a similar approach.

Interdependence is a word often used these days—and not always with the same meaning. Denmark is a small country with a big foreign trade. To us interdependence is not an abstract theory: interdependence is a fact of life. We cannot cope with the present recession alone; it can be done only through international co-operation. The long-term growth prospects of the industrialized and the developing countries are intimately linked.

The most solid co-operation is one based on common interests and common goals, stemming from the inter-relationship of the problems faced. In the North-South dialogue this point of departure should not be taken as an attempt to evade the special obligations of the rich countries. Co-operation between industrialized and developing countries must conform to the highly asymmetric character of interdependence. The rich countries must recognize their responsibility in the present situation. We must contribute actively to the development efforts of the poorer countries, facilitate the participation of those countries in the international economic interaction, and accept the gradual structural adjustments dictated by the growing role of developing countries in world trade.

We should not overlook, however, the serious effects which abrupt structural changes could have on the world economy and international economic co-operation.

In spite of the serious recession and the grave economic problems confronting our countries we have to a large extent succeeded in maintaining the open system of world trade. During this period our economies have in fact continuously undergone structural changes to the benefit also of production and exports of the developing countries.

The work in OECD on the elaboration of guidelines for a positive structural adjustment policy is proof of continued efforts to maintain and to expand the open world trading system. The multilateral trade negotiations aim to develop that system further. But the change in economic conditions since the beginning of the negotiations have unfortunately not rendered it possible to attain in full the aims of the negotiations.

The efforts to eliminate trade barriers should, however, not stop with the multilateral trade negotiations; they must continue in the years to come. And so must the special efforts to promote the foreign trade of developing countries. The industrialized countries must continue to improve access for the export goods of developing countries to their markets. They must expand their systems of preferences and improve the utilization and functioning of these systems for the benefit of the industrialization of the developing countries. The industrialized countries should realize that this would be advantageous not only for the developing countries but also for themselves.

Improved access to markets is only the first essential for furthering the international division of labour and the participation of the developing countries in world trade. If the developing countries are to be able to benefit fully from improved export opportunities, they must expand and diversify their production capacity. R and D and the application of appropriate technologies are of central importance in this process.

The industrialized countries must support the efforts of the developing countries in the field of R and D, and should promote the transfer of technology.

The problems involved in the transfer of technology must be dealt with thoroughly in international forums, as it is going to be in the United Nations Conference on Science and Technology for Development later this year.

We must also clarify the role of the transnational companies, which is often quite dominant in this field.

The last few years have seen a rapid increase in the transfer of financial resources to the developing countries. However, virtually all this increase is due to a sharp rise in non-concessional transfers. These have, moreover, benefited only a relatively small number of developing countries. A substantial increase in the transfer of non-concessional capital is an important element in the "massive transfer of resources" that is necessary to stimulate economic growth in the developing countries and to further their integration in the global economic co-operation. It is the hope of my Government that this Conference can help to keep up momentum in this important area.

Endeavours to find new ways of increasing the transfer of resources must in no way divert attention from flows of ODA. Unfortunately, recent developments as to these flows have been disappointing. Denmark belongs to the much too small group of countries that have reached the 0.7 per cent target. For a number of years our rolling five-year plans have built on a steady yearly increase in ODA in real terms.

It is our experience that internationally agreed ODA targets can play a useful role in convincing public opinion of the need for a high ODA performance. Such targets should therefore be maintained in the new International Development Strategy. The targets should aim at a substantial increase in ODA. The industrialized countries should recognize that, without a high rate of implementation, they will have to face a credibility gap vis-à-vis the developing countries.

However, even a substantial increase in ODA will not change the fact that ODA in the years to come will be scarce. Consequently, it should be concentrated on the countries most in need.

In the Arusha Programme the developing countries themselves recognize that a special effort should be made to help the most needy countries. The proposed outline for a special action programme in favour of the least developed countries in the 1980s follows to a large degree the policy lines that have guided Danish aid administration in recent years, in particular through the emphasis it puts on measures to alleviate absolute poverty. We therefore endorse the major elements in this programme.

By far the largest part of Danish development assistance is provided as untied grants, and virtually all our aid is channelled towards the poorest countries. The terms of our development loans are even softer than those of IDA.

Furthermore, my Government participated in the consensus that resulted in the adoption of resolution 165 (S-IX) of the Trade and Development Board meeting at ministerial level in March last year concerning the debt problems of the developing countries. We declared our willingness to enter into negotiations with the least developed debtor countries desiring debt relief, and we are currently negotiating the conversion into grants of loans to such countries.

The exports of many developing countries depend heavily on the production of commodities. The recent agreement on the fundamental elements of a Common Fund is therefore an important development. From an early stage of the negotiations, Denmark expressed its support for the establishment of a second window to finance other measures in the commodity area. We are therefore satisfied that the recent agreement provides for such a facility, which we would like to see develop into an efficient institution in the commodity area. We are confident that the articles guiding the operations of this facility will be drafted with due concern to the func-

tions already being performed by other multilateral development institutions.

Denmark is prepared to take part in the voluntary financing of the second window and pay its full share of the target figure agreed upon. We expect other countries to do the same. In order to ensure that the second window will from the start have working capital at its disposal, we are favourable to the possibility of transferring part of our entrance fee to the Fund to the second window.

We must all realize the importance of the tasks before us. The most pressing issues in international economic relations are on our agenda. We must meet this challenge in a spirit of constructive co-operation, bearing in mind the growing interdependence of all the countries of the world and of the issues to be discussed. If we succeed, we shall have made a substantial contribution to the continuous dialogue between North and South. And I trust we will succeed if all countries, developed and developing alike, live up to our joint responsibility and stand ready to transform words into deeds. Of course we cannot at the fifth session of the Conference create the new and better world we all wish to see. But by concerted efforts we can move yet another step towards the world of justice and equality that mankind deserves.

**Statement made at the 166th plenary meeting, on 18 May 1979,  
by Mr. Rodrigo Valdez, Permanent Representative of  
Ecuador to the United Nations Office at Geneva**

On behalf of the people and the Government of the Republic of Ecuador, I wish to convey to Mr. Ferdinand E. Marcos, President of the Republic of the Philippines, and to the people of this lovely country, our very sincere thanks for the warm welcome they have extended to us and for the daily demonstrations of hospitality which are so generously offered to all representatives to this Conference. The active participation in the Conference of Mrs. Imelda Romualdez Marcos is an inspiration for our work, ensuring that it proceeds under the most favourable auspices.

My delegation takes great pleasure in the fact that the Conference has unanimously elected Mr. Carlos P. Romulo as President to steer and guide our discussions with his wisdom and long experience in international relations.

In the contemporary world, characterized by breathtaking technological advances never previously achieved by human ingenuity, we are also facing a period of very serious maladjustments in the world economy. It would seem that international economic relations are becoming daily more dehumanized and are tending less and less to serve as an instrument for man's well-being and progress. The substantial differences which exist between the level of living of the inhabitants of the industrialized countries and that of the populations of the so-called third world nations are so vast as to demand concerted action by all Governments and peoples to ensure that human beings in all parts of the

world achieve an existence free of the scourges of war and poverty, and that all persons without exception enjoy well-being, fully sharing in the fruits so generously provided to us by the planet on which we live. Only a clearly perceived concept of the solidarity of the human race can induce the so-called powerful and industrialized nations to assist in the development of the bulk of the world's population, which continues to languish at subhuman levels of living, full only of hunger and need. The essential aim of our discussions and deliberations should be to find solutions to crying problems of the contemporary economy: the overdevelopment of some and the underdevelopment of others.

We must now move beyond the stage of high-flown statements of good intentions. The various problems afflicting the international community in its economic, trade and development relations have been more than adequately identified. We believe that, through a sincere effort of political will, we shall be able to find solutions advantageous to all, based on the principles of justice, equity and equality.

I do not propose to refer to each and every item on the agenda of our Conference. I wish merely to indicate my Government's thinking on some of those items which are of particular interest to us.

At the fourth session of the Conference, held at Nairobi, the developing countries were firmly united in working for the adoption of Conference resolution



93 (IV), which established the Integrated Programme for Commodities and the Common Fund to support and finance that Programme. The concrete achievements in this matter over the last three years are extremely discouraging. We hope that it will at least be possible, on the basis of the limited progress made in recent months, to attain by the end of this year results that could be described as definitely positive and to find formulas and mechanisms to promote and impart effectiveness to that resolution, which is the foundation and sustenance of the new international economic order so anxiously awaited by the countries of the third world.

The economic ills of the international community have worsened in recent decades. Since the beginning of the 1970s, the adverse consequences of inflation, monetary disorder, protectionism and the like have had a severe impact on the Ecuadorian economy, which is primarily sustained by earnings from commodity exports. The recrudescence of protectionism in its various shapes and forms, which had spread from traditional products to manufactures and semi-manufactures and the most unfavourable consequences of which are borne by the developing countries, has hindered the achievement of the freer international trade called for in September 1973, in the Tokyo negotiations, and has hampered the developing countries' industrialization efforts.

There has been a continuing and sharp deterioration in the terms of trade. While the prices of our commodities are declining in real terms, the prices that we have to pay for manufactured, intermediate and capital goods from the industrialized countries are rising considerably; in addition, there has been a decline in our exports to the markets of the industrialized countries as a result of the introduction of protectionist mechanisms. Consequently, the developing countries have been doubly hit by both the decline in real earnings reflecting the price paid for our products and the adverse consequences of the quantitative restrictions imposed on our exports.

Whereas in 1965 the Ecuadorian farmer paid the equivalent of 30 tons of bananas for a tractor from the industrialized countries, he must now supply 90 tons of bananas for the same tractor. I think that the 1 to 3 ratio revealed by this example is a most telling indication of the prevailing imbalance in trade relations between the developed countries and the developing nations.

The meagre results achieved in the multilateral trade negotiations, which are a far cry from the statements of intent to liberalize world trade contained in the Tokyo Declaration, do not satisfy the developing countries, since their basic aspirations were not realized in the negotiations. Instead, there has been a restricted round of bilateral negotiations in which the industrialized countries have demanded contributions that unduly restrain the potential of the developing nations, thus violating the guiding principles of the Tokyo Declaration.

For this reason, my country advocates that, during the period that remains before the multilateral trade negotiations are finalized, genuine and effective

measures should be taken to grant special priority treatment to tropical products, which form the foundation of the economies of the developing countries.

Moreover, an end must be put to the extraordinary policy of applying the GSP as an instrument for coercing or threatening particular developing countries. My delegation hereby reiterates its emphatic rejection of the persistence of unjust discriminatory measures introduced by an industrialized country which prevent Ecuador from benefiting from the advantages of the GSP in the manner envisaged by Conference resolution 21 (II).

Economic co-operation among developing countries is of fundamental importance for the Government of my country. We believe strongly in such co-operation and in the regional and subregional integration systems which serve to support it. Our participation in the integration agreement of the Andean Pact countries is clear evidence of the Ecuadorian Government's profound belief in the benefits that we shall derive from such co-operation.

With regard to the monetary and financial issues which this Conference is to discuss, my delegation, as representatives of a developing country, must state that we shall follow the relevant deliberations with close attention and with the firm conviction that the resolutions to be adopted will make an effective contribution to curbing inflation, which has very marked adverse consequences for the low-income groups whose labour is rewarded by fixed remuneration. The granting of loans on favourable terms should be increased and accelerated, since such loans are vital to the continuation of our social development process. The restructuring of the international monetary system is a matter of particular interest to the developing countries, since it would serve to reduce the sharp fluctuations in exchange rates which are prejudicial to the expansion of international trade and development. The programme of action adopted by the developing countries at Arusha makes a number of vital points on these items of the agenda and deals with them so comprehensively that we shall be glad to give our full support to any resolutions that follow the general lines of that Programme.

It has been repeatedly stated in this forum that the high inflation in the world economy over the last five years and the severe monetary disorders are caused exclusively by the increase in oil prices. As the representative of a small oil-exporting country which is a member of OPEC, I should like to point out that the action taken by OPEC in its few years of existence has made an effective contribution to the rationalization of the use of oil and has proved to be the most suitable instrument available to the countries of the third world for securing fair prices for their commodities.

Owing to this same world-wide inflation and to the disorders in the monetary system, the real prices of fuel have not varied and remain stable in absolute terms; the increases in oil prices do not even compensate for the losses incurred as a result of the decline in the purchasing power of the foreign currencies in which the purchase and sale of this source of energy—a non-renewable natural resource—are generally negotiated.



An increase in the developing countries' share of world shipping is a matter that warrants particular attention from this Conference, since the achievements made in this area since our third session are very far from satisfactory and only very limited progress has been made. The insignificant participation of the developing countries in shipping makes it necessary for our Conference to adopt measures to enable those countries to carry an equitable share of the cargo generated by their own trade.

It is also extremely important that we should be able to adopt resolutions that promote and facilitate the growth of the developing countries' merchant marines and ensure that the developed countries do not, in this

area too, adopt protectionist measures in favour of their merchant fleets, or measures that tend to increase the costs of production of merchant vessels or to prevent the developing countries from establishing and expanding their own shipbuilding industries.

I should like once again to express my warmest thanks to the Government and people of this country, so closely bound to our own by ethnic and cultural ties that are still maintained despite the distance separating us, for the thought and magnificent material preparations that have gone into this Conference. I wish to repeat my delegation's promise to work to the best of its ability to ensure the successful outcome of this fifth session.

**Statement made at the 165th plenary meeting, on 18 May 1979,  
by Mr. Ali Gamal El Nazer, Minister of State for Economic Co-operation of Egypt**

The delegation of the Arab Republic of Egypt, and I myself, wish to begin with to offer our sincere congratulations to Mr. Carlos P. Romulo, Minister of Foreign Affairs of the Philippines. Indeed, my delegation congratulates the Conference on having elected him as its President. For under his leadership and with the benefit of his characteristic wisdom, diplomatic talents and political sense we approach this historic Conference with full confidence that it will achieve the anticipated progress towards the establishment of the new international economic order. My delegation has offered its full co-operation for the success of this Conference, and it will continue to do so until the Conference is successfully concluded.

We wish to express our gratitude and appreciation to the Government and people of the Philippines for their generous hospitality and for the meticulous arrangements made to facilitate the work of the Conference. I should like to pay a tribute to the leadership and determination demonstrated by President Ferdinand Marcos, whose opening speech inspires us and gives the Conference a strong impetus in the right direction. My delegation also wishes to offer its greetings to and express its appreciation of the First Lady, Imelda Marcos. No words could adequately express our admiration for her.

Here I should like to express profound thanks to Mr. Gamani Corea, the Secretary-General of UNCTAD, who has devoted much of his time and energy to promoting the economic and social development of the developing countries and peoples. My delegation notes with admiration the high standard of the documentation prepared by the UNCTAD secretariat for consideration by the Conference under the various agenda items.

This Conference meets at a crucial moment in the historical development of the economic relations between our nations, for it is convened towards the close of the Second United Nations Development Decade, in which the development results sought have not been achieved. It meets, moreover, at a time when conditions

of general confusion prevail in the world economy, characterized not only by declining rates of economic growth, escalating inflation levels and increasing balance-of-payments deficits, notably and year after year in the least developed and most seriously affected developing countries, but also by the persistent application of protectionist policies by the industrially developed countries regardless of the serious consequences of those policies, which are harmful to the interests of all the parties concerned.

The rise in inflation rates, together with increasing unemployment and slackening growth rates in international trade, and the fluctuations of exchange rates in the major currencies, have undoubtedly aggravated the problem. The increasing protectionism in itself constitutes the most serious threat to international economic co-operation, in view of its direct impact on export volume and earnings in a manner which impedes the developing countries in maintaining their imports of capital goods under their development programmes. Moreover, the reduction of export earnings restricts the ability of developing countries to repay and service their external debts. Indeed, this protectionism is harmful not only to the developing countries but also to the developed countries themselves, as it restricts the developing countries' ability to import from the developed world.

In this connection the delegation of Egypt wonders, as do others, whether the developed countries are still prepared to make the necessary changes in their economies to enable them to respond to the concept of adjustment assistance which the international community for many years adhered to in GATT and other international forums with a view to adjusting the international division of labour on a just and equitable basis between the developed and the developing countries, thus upholding the principle of achieving adequate production in the interest of all our peoples. The Tokyo Round of multilateral trade negotiations within the framework of GATT has not yet achieved any promising results for the developing countries, or any of their aspirations in this regard. The developing countries will

not consider the Tokyo Round of trade negotiations complete unless the principles embodied in the Tokyo Declaration in favour of the developing countries are realized, especially in respect of securing additional advantages and adjusting the international trade system in their interests. Furthermore, the developing countries do not agree to any discrimination or classification in respect of the treatment they receive. From international economic statistics and indicators we notice that during the decade ending in 1973 the rate of international trade grew by some 9 per cent annually, whereas it decreased by half that percentage during 1973-1978. On the other hand, the developing countries' terms of trade seriously deteriorated in the same period by some 15 per cent, and those countries suffered a loss estimated at \$30 billion. The developing countries had to shoulder an inequitable share of the burden of this economic crisis in the form of such unprecedented and rising levels of deficit in their external payments that they were forced to reduce their development programmes, and were even subjected to the pressure of external borrowing from private capital markets on crippling terms. The developing countries' total outstanding debts rose from \$114 billion in 1973 to about \$300 billion in 1978. Furthermore, the cost of servicing those debts sometimes consumed almost one fourth of those countries' export earnings. It is noteworthy in this respect that in 1976 one third of the developing countries' deficit in current account balances was due to their expenditures on imports of food. Those expenditures absorbed more than 80 per cent of the benefits of ODA in the same year, as Mr. Edouard Saouma, Director-General of FAO, has explained to this Conference.

My delegation would like to place on record its appreciation of those developed countries that have converted the neediest countries' outstanding official debts into grants. We hope that other countries will take similar steps to alleviate the burden on developing countries, particularly the least developed and most seriously affected among the latter. The countries included in these two categories deserve every assistance, and my delegation supports more generous aid to them so that they may catch up with other developing countries.

As regards money and finance, we consider it necessary to reactivate the facilities which would lead to a reform of the international monetary system, especially through identification of the requirements for a system to promote trade and development. This is linked to a significant question, i.e. the establishment of medium-term borrowing facilities for the balance of payments in a manner that would help the developing countries to strike an economic balance, particularly if they are faced with *force majeure* and such uncontrolled factors as the transfer to them of inflation and stagnation forces from outside, or increasing protectionism on the part of developed countries. In this regard we have to stress the need for liberalization of the loan conditions offered by IMF under its various programmes, especially in connection with the higher tranches and an expanded loan programme. Indeed, IMF has made several attempts during the last decade to adjust to international economic conditions, but the Fund's total resources are still not adequate to meet the international economic situation. Besides, much remains to be done

to improve the conditions of borrowing and repayment. IMF has recognized the existence of structural problems in payments and has consequently established a means for extended finance enabling it to cope with structural problems when they rise internally, but it cannot adequately face deficits that are due to external causes, so that many developing countries have been compelled to resort to the private capital market to finance this kind of deficit. Undoubtedly, this increases the pressure on the balance of payments of the countries in question, because the terms of borrowing do not take the conditions in those developing countries into account. IMF should take the developing countries' social, economic and political conditions and problems into account, and the fact that reforming the economic structure in those countries will not be possible overnight and that tireless efforts and continuous work will be required to achieve economic progress for their peoples. It must also adjust its current lending policies so as to ensure that the developing countries, not the developed countries, become the principal beneficiaries of the compensatory finance facility.

On the other hand, capital inflows to developing countries failed to reach the minimum target set in the International Development Strategy for the 1970s, because achievement of the modest rate of growth envisaged in the Strategy, of the order of 6 per cent per annum for the developing countries, was based on the transfer to those countries of capital of the order of 1 per cent per annum of the GNP of all the developed countries; it also required that 0.7 per cent of that GNP should be allocated in the form of government assistance by the middle of the decade. Despite the fact that some developed countries, such as the Netherlands, Norway and Sweden, not merely achieved the target but even exceeded it or decided to do so, a fact that deserves our appreciation, most developed countries did not come close to this percentage, in spite of the huge surplus they had. In this respect my delegation asks: what is the use of establishing, for the Strategy for the 1980s, modest targets based on scientific analysis if, as was the case in the 1970s, the developed countries do not live up to them? It is indeed an extremely serious matter, and it will require a strong effort of will on the part of our Conference to check this tendency and to move quickly to reach the annual target set for the flow of ODA from all the developed countries to the developing countries.

As for the question of primary commodities and of trade in them, there is a need to bring the planned Common Fund, with its two windows, into force as soon as possible, and also to accelerate the negotiating process on individual commodities, which would undoubtedly contribute to restructuring the international market in commodities and primary materials. On this occasion we wish to pay tribute to the developed countries which pledged to contribute to financing the Fund, particularly its second window, in view of the importance of promoting and diversifying the exports of developing countries so that those countries might establish an appropriate and stable foundation for their economic growth. Egypt pledges appropriate commitments and contributions to the Fund.

In the matter of shipping, the share of developing countries in world liner shipping must be increased, the relations between shippers and shipowners improved and equitable freight rates established. A programme of action should also be elaborated to assist developing countries in expanding their national commercial fleets.

As regards ECDC, collective self-reliance was the basic topic in the Declaration issued by developing countries at the Meeting in Arusha. While the content of co-operation among developing countries is an issue that concerns those countries in the first place, there is a need for the world community to recognize that this issue is a basic dimension of the policy of international development for which that community must provide the required support.

The Egyptian delegation attaches special importance to reaching agreement at this session that developed countries and international finance and development organizations should extend further support to the programmes of economic and technical co-operation among developing countries.

Egypt has always been ready and willing, and will continue to be so, to contribute its utmost in supporting co-operation with its fellow member countries of the Group of 77, out of its belief in the principle of collective self-reliance. This co-operation aims at wider and more comprehensive international co-operation. Co-operation among developing countries, by virtue of its central position among those countries' development efforts, is conducive to the promotion of their technological potential according to their special conditions, and consequently to increasing their productivity, which in turn means expanding trade exchanges between developing and developed countries and strengthening tripartite co-operation.

However, the principle of collective self-reliance does not mean that developed countries should shirk their responsibility or commitment to support development efforts, for that would completely contradict the principle of international interdependence and mutual reliance.

Today we find ourselves at a delicate point in contemporary international history, and the approach we opt for at this historic session will have a tremendous impact on the future of humanity at large. The time has come for the developed countries to gear their political will towards efficient international co-operation for development, based on the mutual interest of all the members of the international community. Otherwise, stormy events will befall us, leading to a bitter economic conflict from whose consequences no country or group of countries, however powerful it or they may be, can escape.

With preparations for the Strategy for the Third United Nations Development Decade already begun, the international community represented in this Conference must take into consideration the lessons derived from previous experience. Experience with the First and Second United Nations Development Decades has taught us that half-measure solutions confine us to a vicious circle, always bringing us back to where we started, burdened with disappointment after tiring but

fruitless efforts. Experience has also taught us that national development efforts must be supported and sustained by joint international efforts enjoying top priority. How can developing countries establish their industries, develop their agriculture and feed their populations if they sell their production only at relatively deteriorating prices, and acquire machinery and advanced technology—if they are allowed to do so—only at exorbitant prices involving inflationary profits; and if those poor countries put together some meagre savings—for which they suffer deprivation and hardship—only to learn suddenly that world currencies themselves have deteriorated, absorbing a large portion of those countries' savings even before they are used?

If, together with our fellow developing countries which are members of the Group of 77, we present to this important session the vital issues embodied in the Arusha Programme of Collective Self-Reliance and Framework for Negotiations, we are in fact submitting to the Conference a fair demand that will ultimately lead to achievement of the common interest: adequate progress and genuine international complementarity among all developing and developed member countries of the international community.

The industrialized countries may take into consideration that economic progress in the developing countries will necessarily lead to the expansion of markets for primary commodities, manufactures and semi-manufactures from industrial countries. In elaborating the Arusha Programme, the Group of 77 adopted the slogan: "Co-operation rather than collision". My delegation hopes that the eight negotiating groups will be able to reach a common agreement on the basis of the Arusha Programme; that would constitute success for this important session.

The Egyptian delegation would like to stress in particular the decision embodied in the Arusha Programme concerning facilitating the transfer of technology, and especially the need to adhere to a legally binding code of conduct in this field provided that it is consistent with the specific positions implied in the Programme.

The points I have already raised clearly suggest that the current world economic order suffers from structural imbalances which dominate all its aspects, and that the problems now faced by the world economy are not just a cyclic crisis that may soon vanish. Hence the paramount importance of establishing rules for a new order able to ensure steady growth of the world economy in a stable atmosphere and under conditions ensuring rapid economic growth for the developing countries. Perhaps the most important outcome of this Conference would be promotion of the implementation of appropriate policies for establishing such a new world economic order—an economic order which the developing countries, and indeed all countries, hope will bring about growth, prosperity and progress.

Believing in international interdependence and mutual reliance, Egypt insists that such interdependence must be established on the principles of the new international economic order, based on equality in sovereignty, justice, mutual benefit, equal opportunity and non-interference in internal affairs. In this context, Egypt

has opted for an economic open-door policy with a view to consolidating co-operation with all countries which are ready to deal with it on the basis of equality, complementarity and adequate opportunity, without prejudice to democratic socialist transformation, which we have chosen as a way to achieve development and to ensure the future for every Egyptian citizen. Egypt has initiated an ambitious development plan whose most important priorities are the achievement of security in the supply of food and the provision of housing for every citizen, with special attention to rural development, agro-industrialization, and the establishment of all the industries required to ensure the "big leap" towards development. In view of the magnitude of investments under this plan, we have made the adjustments to Egypt's investment legislation necessary to promote the inflow of foreign investments to Egypt, as we are convinced that such investments will play an important role in accelerating development according to the priorities under the plan and as an efficient means for the transfer of technology to our country.

I am happy to mention that the initial results indicate Egypt's success in attracting to Egypt activities under a large number of productive joint projects. These projects have provided about 100,000 job opportunities, and will also add more than 100 million Egyptian pounds per annum to the national income during the next few years, in addition to contributing to the elimination of bottlenecks in the vital areas of the economy, particularly in that of construction.

Let us, while engaged in preparations for a new development strategy conducive to the new international economic order, adhere to the provisions contained in the Declaration and Programme of Action adopted by the General Assembly at its sixth special session, in the Charter of Economic Rights and Duties of States, in other General Assembly resolutions supplementing and emphasizing those instruments, and finally in the Arusha Programme, concerning the need to eliminate political impediments which obstruct development, including foreign occupation, colonialism and racial discrimination, as a prerequisite for achieving development in the developing countries.

A source of hope that developing nations and peoples may soon get rid of these impediments is that recent events have proved that the victories won by developing

countries in restoring their own total and efficient control over their territories and natural resources have been followed by other victories which have sustained the intrinsic potential of the developing countries as a group.

Over the past 30 years or so, Egypt has supported liberation movements in Asia, Africa and the third world in general, and has never withheld money or blood in defence of principles and values or for the liberation of lands and people.

Egypt, which did not shrink from sacrificing its sons and limited financial and natural resources, has crowned all this with the October war to liberate the occupied territories and to restore the usurped rights of the Palestinian people. It is this same Egypt that has undertaken to assume the risks of peace with the same resolution and determination with which it shouldered the risks of war.

President Mohammed Anwar El-Sadat declared that Egypt was ready to go to the utmost limits to liberate the Arab territories occupied since 1967, without abandoning a single inch of the Arabian land which is dear to every Arab, whether that land be the West Bank or the Gaza Strip, Jerusalem, the Golan Heights or Sinai. I take this opportunity to proclaim anew our determination to support the valiant Palestinian people in recovering all their legitimate rights, including self-determination and the right to establish their own independent State on their own land.

We also support the struggle of our brothers in Africa, in particular the peoples of Zimbabwe, Namibia and Azania, for their national and human rights, for economic liberation and for the restoration of their full control over all their natural, human and other resources and economic activities. I have to mention the need to take the most effective measures to implement previous resolutions adopted by the United Nations and its relevant organs, including UNCTAD, and by OAU, concerning the provision of support, compensation and adequate assistance to the peoples and Governments of the African front-line States in the wake of their courageous decision to close their borders with the illegal minority regime in Zimbabwe, and of their heroic struggle against that regime and the racist regime in South Africa.

**Statement made at the 162nd plenary meeting, on 16 May 1979,  
by Mr. Ashagre Yigletu, Minister of Commerce and Tourism of Ethiopia**

On behalf of the delegation of the Government of Socialist Ethiopia, allow me to convey our sincere appreciation for the hospitality which the Government and people of the Republic of the Philippines have extended to my delegation since our arrival in Manila, and for the excellent arrangements made for the Conference.

Permit me also, Mr. President, to extend the sincere and heartfelt congratulations of my delegation on your well deserved election to preside over the proceedings of the fifth session of the United Nations Conference on Trade and Development. Your election is certainly a fit-

ting tribute to you and your country. My congratulations also go to the other members of the Bureau. I assure you, Mr. President, of the full support and co-operation of my delegation in the deliberations of this Conference. We are confident that under your wise guidance our Conference will be crowned with success.

I would like to take this opportunity to pay special tribute to the Secretary-General of UNCTAD, Mr. Gamani Corea, for his untiring efforts in the service of promoting international peace, progress and development.

The present world is a world in which countries live in interdependence. The basis of this interdependence has so far been that one part of the world advances its interests at the expense of the other. We all know that the foundation of the existing international economic relationship was laid down by the developed countries for their sole benefit during a time when most of the sovereign developing countries of today were under the colonial yoke and were considered mere appendages of the colonial capitalist world. This unfair and unjust interdependence has created gross disparities in income and well-being between the developed and developing countries. The staggering differences in wealth and in the quality of life in the developed and developing countries of the world are not only disquieting but also frightening and alarming. While some countries live in affluence, others live in abject poverty and starvation. It is a fact that in the poorest countries of the world we have witnessed people die in hundreds of thousands from starvation and disease.

Moreover, the critical economic and monetary situation in the developed capitalist countries, combined with the crisis of inflation, recession, the breakdown of the old monetary system and the rising tide of protectionism, have put the existing economic system into a state of fundamental disequilibrium.

A persistent downward trend in the prices of raw materials, imported inflation, lack of political will on the part of industrialized countries to assist the developing countries in their development efforts, wars of aggression and natural calamities are also some of the main problems that contribute to the slowdown of the pace of the social and economic development of the developing countries.

We are meeting amidst a most severe and protracted economic crisis, a crisis disrupting the economies of market-economy countries, but even more so those of the developing countries, particularly the least developed among them. It is a recognized fact that the present critical situation of international economic relations is not just a cyclical or short-term fluctuation which could be overcome by a recovery in the industrial market economies. It is the result of fundamental defects in the whole conduct of international economic relations and in particular of the relations between the developed and developing countries.

If peace and just interdependence is to prevail, this state of affairs has to come to an end. To this effect the Programme of Action on the Establishment of a New International Economic Order should be implemented vigorously.

The Arusha Programme for Collective Self-Reliance and Framework for Negotiations, we believe, will contribute immensely to the programme of restructuring existing international economic relations designed to meet the expectations and future aspirations of our peoples. Therefore the outcome of the fifth session of the Conference is crucial for the evolution of international co-operation designed to promote world peace and security.

Allow me to turn to some of the substantive issues on the agenda of the Conference. On the question of the

Common Fund, the agreement reached on the basic elements of the Fund is a step forward towards the establishment of the Fund; however, I would like to express my delegation's dissatisfaction with some of the basic elements. Any meaningful agreement reached with respect to the Common Fund must be responsive to the economic interests of the developing countries. I am therefore confident that the Interim Committee will reconsider the aspirations of the developing countries, and the special situation of the least developed countries, in order to come up with an effective Common Fund.

Although the road to economic and social progress demands hard work, sacrifice and self-reliance, economic progress becomes more realistic if combined with the understanding and assistance of the international community. This being the case, the least developed countries need more co-operation and support from the international community. So far, the contribution made by the developed countries towards improving the economic and social progress of the least developed countries has been unsatisfactory.

Too much lip service has been paid to measures designed to help the least developed countries, and in fact their predicament has not been alleviated. Their *per capita* income growth in real terms in the 1970s has remained stagnant and in many cases declined. The targets of growth set for the developing countries, including the special measures in favour of the least developed countries, have not been achieved. Failure to achieve the goals was due to lack of political will on the part of the developed nations and the absolute inadequacy of the special measures. As a result, the economic situation of the least developed countries has not improved. In fact, it has gravely deteriorated. On the basis of the magnitude of problems faced by the least developed countries, my delegation strongly urges developed countries immediately to adopt the two-phase action programme for the least developed countries.

During the Second United Nations Development Decade, most developed countries have been reluctant to fulfil their commitments. The ODA level has frozen at less than half the agreed target. The overall distribution of the flow of international financial resources still remains grossly inequitable. The share of the least developed countries is not only minimal but also declining in real terms. Therefore my delegation urges full implementation of the various relevant resolutions with respect, *inter alia*, to resource flow and debt cancellation.

A country's ideological or political position should not in any way prejudice its economic and financial interests. Therefore we note with concern the non-economic factors which are used by some developed countries as criteria for allocation of ODA and cancellation of debts. We unequivocally reject such discriminatory action for the simple reason that such action is a means of undermining the self-determination and sovereignty of a developing country.

The multilateral trade negotiations, which have been going on for the last five years, have failed to consider the request of the least developed countries for free access of their products to the markets of developed coun-

tries. It is in this regard that my delegation expresses disappointment with the results achieved so far.

ECDC is not a substitute for the North-South relationship that exists today, but it is a relationship that encompasses action which promotes co-operation among the developing countries with the aim of strengthening those countries' bargaining power and promoting their trade and other relationships with one another. ECDC is indeed an important element of the new international economic order. Serious attempts must be made to achieve economic co-operation, which creates the bases for the dynamic development process of developing countries, particularly on a subregional, regional and interregional basis.

In the region of Africa, OAU, founded in May 1963, and the United Nations Economic Commission for Africa, founded in April 1958, both of which have their headquarters in Addis Ababa, play a significant role in consolidating and complementing interrelated African economies. It is in these organizations that the foundations for the dynamic development process of Africa are being debated.

A strong national economy based on self-reliance is a basic component of ECDC. Radical socio-economic change must be implemented in order to help us to have full control, use and disposal of our natural resources and economic activities, as well as to recognize the need to mobilize the energies of our people to attain our high goals of economic and social development. Having realized, therefore, that the primary responsibility for development rests on the individual country's efforts, based on the spirit of self-reliance, determination and courage, my country has launched a radical economic development campaign which is intended to release production forces from the fetters of archaic and exploitative modes of production. In the context of this campaign, the major economic and social problems of the country will be carefully tackled on a priority basis.

In the short term, by raising agricultural production, the campaign will seek to alleviate food shortages. By providing an adequate supply of the raw materials needed by the industrial sector of the economy, it is envisaged to meet an increasing share of the growing domestic demand for manufactured goods. In the longer term, the campaign aims at laying the necessary industrial and technological foundation for a self-sustaining economy.

Ethiopia's attempt to transform its political, social and economic structure, we believe, will contribute immensely to the improvement of the living standards of our people, and will also create complementary factors for the promotion of ECDC, thus ultimately contributing to the establishment of the new international economic order.

It is my country's profound desire to participate in subregional, regional and interregional economic co-operation arrangements. To this effect, our universities and special training institutions, within their limited

resources, continue to provide training to some developing countries. This modest contribution indicates our commitment to the promotion of ECDC.

I would like to emphasize that, if the objectives of ECDC are to be attained, it is necessary to ensure that the institutional bases for co-operation are strengthened and/or new ones created, managed and controlled by the developing countries themselves; therefore, the management and control of subregional, regional, or interregional institutional operations is of crucial importance in the effort further to promote ECDC.

It is disheartening to see a large part of the world's population seized by subhuman patterns of life, the consequence of which endangers world peace and security. Interdependent as we are in all aspects of international relationships, no country can continue to be immune from the sufferings of other countries, for the hardship sustained by many of our countries will in the end severely affect those that are now enjoying advantageous positions. This is precisely why we call on the developed countries to be true partners in development and co-operation in order to accommodate to the challenges and legitimate needs of our times.

In conclusion, my delegation proposes the following:

1. The high rate of increase of the prices of some strategic products which are of crucial importance for development is now draining the meagre resources of the developing countries, especially those of the least developed countries, at an unprecedentedly high rate. It is necessary, therefore, that special arrangements should be made to assist the least developed countries to alleviate the problems they face as a result of such drastic price escalations.

2. The Arusha Programme for Collective Self-Reliance and Framework for Negotiations has presented a programme for adoption. In addition, a special conference on the least developed countries should be convened to finalize the Substantial New Programme of Action for the 1980s and to provide an occasion for the pledging of financial and other support to those countries by the international community.

3. The existence of colonialist and racist regimes in some regions of the world, particularly in the continent of Africa, is detrimental to the peace that is essential for development and the establishment of the new international economic order. It is incumbent on all of us to continue to mobilize our resources in support of the common struggle against colonialism, foreign aggression and occupation, racism, *apartheid* and all forms of foreign domination and exploitation, so as to put an immediate end to these obstacles to peace and development.

Therefore, we call on the international community to assist the liberation movements, *inter alia* the heroic struggles of the peoples of Namibia, Zimbabwe and Azania, to achieve their liberation and to regain effective control over their natural resources and economic activities.



**Statement made at the 160th plenary meeting, on 15 May 1979,  
by Mr. Epeli Kacimaiwai, High Commissioner of Fiji to Australia**

My delegation extends to you, Mr. President, warm congratulations on your election to your important office. To have a United Nations personality and one of its founding fathers to guide our work is a source of inspiration. Your unanimous election is a token of our respect for the wealth of your experience and of our confidence in your wisdom and ability to guide our deliberations.

My delegation also extends, through you, Mr. President, warm congratulations to the Vice-Presidents, the Rapporteur and other members of the Bureau.

The hosting of a session of the United Nations Conference on Trade and Development is a difficult task. It could make heavy demands on the national resources of the host country. We are therefore grateful to President and Prime Minister Marcos and the people of the Philippines for their generous offer to host the fifth session of the Conference. We hope that his warm welcome and excellent arrangements will inspire in us all goodwill and understanding during our deliberations.

We meet this time with an increased membership, and my delegation extends warm congratulations to our new colleagues as they take their places in this important forum.

After 15 years of ongoing negotiations, we are still faced with great disparities in our standards of living. Massive poverty still exists in many countries of the third world. Acute deprivation, high illiteracy rates, malnutrition, food shortage and scarcity of means to satisfy basic human needs still predominate in many countries. The high birth rate in many developing countries continues to stifle the effects of the changes we have made.

Our past efforts have not been without their challenges. Political and philosophical differences have caused considerable strain on our endeavours to maintain peace. They have also made great demands on our resources. Although there has been continuity in our efforts to forge a better life for our peoples, changes in our national priorities have continued to dilute the impact of the gains we have made.

The state of the world economy has been fully discussed during the course of this debate. I will not dwell on it again. Suffice it to say that we meet again at a difficult and challenging time. Economic recession, high unemployment, inflation, fluctuating currency rates, unresolved monetary issues, mounting debt burdens, deteriorating balance of payments, fluctuating commodity prices, increasing protectionism and an erosion of confidence have continued to plague the world economy and hold little promise of quick recovery. It is a time more difficult for many developing countries because of their great dependence on the economies of the developed and bigger developing nations.

The Pacific is a region of great political stability—a stability which springs from a corner-stone of our way of life: sharing. Mutual sharing, we believe, inspires the

development of meaningful human relationships. Sharing strengthens intra-family bonds among our people and enhances communal ties through mutual help, co-operation and goodwill. Sharing provides social security within our communal society and gives dignity to our people.

But despite the value and the tranquillity of such a simple way of life, we too in the Pacific have come to accept the realities and demands of modern times. We are aware of the scope of our economic interdependence. We know that the realization of many of our development goals depends on variables outside our island national economies. We realize that the solutions to the special problems arising from our insular character, remoteness from our main market centres and the small size of our economies depend just as much on our own efforts as on the understanding and goodwill of countries outside our region.

Our island economies suffer from the economic impact of their small size. Our small size limits the variety and types of terrain that might give greater resource endowment. It limits the size of our domestic market. It is a constraint on the expansion of industrialization as a sizeable input in our economy. It therefore restricts the growth of employment opportunities. Our small economies set a limit on the availability of skilled manpower and the growth of indigenous professional cadres. It therefore creates an ongoing need for overseas technical expertise and, consequently, consumes a large proportion of the aid we receive.

Our small size and intrinsic problems also have a bearing on our credibility in international capital markets. They limit the development of domestic financial institutions that would be capable of generating development capital for long-term national development strategies. Their ultimate effect is to limit the tempo of our economic development and set a limit on the optimum level to which we can push and direct our development. In short, it limits the scope and potential for future development and increases the degree of our dependence on other economies.

Our great dependence on outside economies makes our small economies extremely vulnerable to changes in the condition of the world economy. We are over dependent on only a few export commodities. We depend on overseas raw materials to generate import substitutes. We have limited appropriate technology, and we rely entirely on foreign ships to carry our goods. During this economically difficult time we have experienced the impact of high freight rates for both our imports and exports. This high degree of vulnerability makes it essential that our exports have guaranteed access to stable and remunerative markets.

We suffer regularly from natural disasters such as hurricanes, cyclones and tidal waves. Our small island economies are therefore often strained by the effects of these devastating calamities. We do not claim to be the only countries regularly struck by natural disasters, but



their regularity will always place great demand on our already meagre resources. Since 1875, Fiji has experienced 129 hurricanes and cyclones. Of these, two thirds have hit a particular group of our outlying islands.

Coconut palms, the sole cash crop in these islands, are often badly devastated and houses laid low. Freight and price subsidies are of little value to those who have nothing to sell or have not the means of rehabilitating themselves. For those who depend largely on a subsistence economy with neither personal savings nor insurance, such frequent catastrophes are a drain on the human spirit and on the will to begin a new life time and time again. But they do emphasize the need for imaginative, generous and exceptional aid.

World peace and economic stability are matters of vital importance in international diplomacy, and national resources are often used to augment national interests or expand regional influence in international relations. In this hard scenario of tactical world diplomacy, the small and the poor nations, the small producers and those with only a small market, have no leverage to use. Our views are therefore given only peripheral attention. In bilateral negotiations involving many countries, we are often relegated to the end of the line only to be told how the positions of bigger nations have determined the amount and direction of changes to be made.

With our low political profile, therefore, we exert little influence in international affairs and our small economies seldom have an impact on the interplay of market forces. Often, we do not command the attention we deserve despite our pleas. Many a time we are relegated to a position of assumed political insignificance that contradicts our belief in a guiding principle of the United Nations Charter, which reaffirms the equal rights of nations large and small. Such a perception of small island developing nations has a significant impact on the political will of aid donor nations. It affects the inflow of development resources and thus the tempo of our economic development.

There is another misconception about small island developing nations, namely, that we do not have the wide spectrum of development needs inherent in bigger developing economies. But although the intensity and scale of our problems may not be the same, we are expected to provide, whenever possible, the whole range of infrastructural and public utilities as a matter of social policy. Such expectations place a heavy demand on our already limited economies and therefore warrant international attention.

Island developing countries often consist of a group of islands of diverse sizes and economic viability. This increases the need for inter-island dependence and magnifies the problems of inter-island transport and communication. It intensifies the need for ships, aircraft and infrastructure and also, within the context of a new regime governing the use and exploitation of the resources of the sea and sea-bed, the need for surveillance.

Transport links between smaller islands are often not economically viable, but their provision is seen as a mat-

ter of social policy. It therefore poses the need for national subsidies and for a steady inflow of foreign development capital.

Many island developing countries are remote from the major centres of world economic activities. In the Pacific region, with the exception of Papua New Guinea and New Caledonia, the other island developing countries are situated more than 1,500 kilometres from the nearest continent. Thus despite our limited and small economies, we shall continue to face the burden of increasing freight rates.

The heavy strain on our small economies can create doubts in potential foreign investors about their viability. It also diminishes our overall ability to compete with similar economies.

In the face of such an array of special problems, of the realities and rigours of the international market place, and of the extra demands on our already limited and small economies, it is essential that our economies should not have unused capacity. We must be allowed to inject efficiency into the management and utilization of our limited resources and thus our need for concessional financing. We need to be given the ability to develop our international trade on a non-reciprocal and preferential basis. Because we exert little influence on world commodity markets, it is essential, if we are not to have unused capacity, that we should have guaranteed access to stable and remunerative markets.

To our small island developing economies, the rising trend of protectionism can have great negative effects. Since the multilateral trade negotiations in 1967 many countries have erected more than 900 different types of non-tariff barriers which have contributed to a slowing down of the growth of international trade during the 1970s. The current recessionary pressures have also forced many countries to take protective measures for certain domestic industries, the result of which has been to reduce further the level of world trade.

The failure to reach an enlarged agreement at the recent Tokyo multilateral trade negotiations has further stifled our hope for increased trade. The negotiations did not go far enough to resolve the trade problems of the developing countries. There is also great concern that subtle protective elements have been injected into the safeguards and subsidies code.

My delegation believes that some meaningful relaxation of the rules of origin under the GSP would be beneficial to many small developing countries in their attempt to develop their industrial sector. Faced with the problems of low resource endowment, the small size of our domestic market and the financial constraints to which we are exposed, it is essential that we be allowed to sell our limited export commodities at remunerative prices. Marine resources will grow in importance to our island economies. Accordingly, the relaxation of the rules of origin on the marketing of canned fish and fish products would have an impetus on the growth of our industrial sector.

The progress made in the Tokyo multilateral trade negotiations on procedures on technical standards, elimination of government subsidies and retaliatory duties on government-subsidized exports is commend-

able. But there is scepticism since the agreement has been largely shaped by the bargaining strength of the United States of America, Japan and EEC, leaving the developing countries somewhat on the side. This, however, should not be allowed to thwart our future efforts. We must be forward-looking in our approach and must not be discouraged by differences of views and interpretations. We must not abandon the tangible progress that we have made but should build on it in our search for a comprehensive agreement.

We are also concerned about the tendency to extend protectionism into the services sector of our small island economies, particularly in the areas of shipping and civil aviation. We share the concern of ASEAN in this important area of our development. The carriage of goods and passengers by our national carriers would diversify our limited sources of foreign exchange earnings and would contribute to the development of tourism in our own countries. My delegation believes that the major international airlines have a responsibility to ensure that smaller national carriers play a useful role in our development.

The weight of public debt servicing has had a profoundly negative effect on our ability to overcome the current recessionary pressures. It has stifled economic recovery. We note that in response to a Trade and Development Board resolution on the matter, several developed countries have taken steps to cancel some debts of developing countries. In this context we note with great satisfaction New Zealand's decision to cancel the payment of F\$1.7 million for a construction loan to Fiji. This holds promise for the future—the promise that developed nations can generate the political will to assist as constructively as possible the development of the small island developing nations.

Trade promotion is important to the growth of our international trade. But the limited resources of our island economies cannot sustain the costs of such endeavours, although we know the positive impact they might have on our limited trade. In this regard, developed countries could assist the growth of our island economies. We therefore note with great appreciation the Australian Government's decision to fund a Pacific Islands Trade Commission in Sydney for three years.

Aid plays an important role in our development and we are grateful to aid donors for their assistance. But it is manifestly clear that a greater aid inflow is necessary to augment our local capabilities. Our small island countries need infrastructure for development; roads, water supplies, shipping, hydroelectricity, domestic air transport and communication are essential for the efficient implementation of our development plans. We therefore urge the industrialized countries to continue to strive to achieve the ODA target of 0.7 per cent of GNP for the development of the developing countries. We note that, although several developed countries have achieved that target, the bigger developed economies have continued to lag behind.

The stability, if not the growth, of foreign exchange earnings is important to sustained economic development. It will enhance our capacity to make development projections and inject stability into national economic

growth. Fiji therefore supports the general principles of the Common Fund and we welcome the agreement recently reached at Geneva on this important issue. We believe that the financing of buffer stocks will bring stability to world commodity prices.

Conscious of the need to overcome the impact of our special problems, Fiji actively participated in the negotiation of the Lomé agreement between EEC and the ACP States. We have received relief from its STABEX scheme and despite its shortcomings the scheme is tangible and operational. For countries such as Fiji which depend greatly on their export earnings, the establishment of a scheme of stabilization of earnings which will be remunerative to the producers and fair to the consumers will contribute to the achievement of our development goals. Under its sugar protocol, Fiji, like other ACP sugar producers, has benefited greatly from the guarantee of a stable and remunerative market.

The Lomé agreement, despite its imperfections, has made great achievements. It is a model for compromise and accommodation. It is a symbol of the goodwill of nearly 60 developed and developing nations. It is a symbol of what can be achieved by positive and purposeful negotiations. But, above all, it is a tangible instrument for re-ordering the economic relations of more than one third of the Members of the United Nations.

Despite our continuing concern about the impact of our special problems on our development, we are grateful for the progress that has been achieved. The special problems and needs of the island developing countries have been the subject of specific studies by UNCTAD since 1972, and the adoption of Conference resolution 98 (IV) at Nairobi marked a great step forward in our search for solutions. The General Assembly, at its thirty-second session, adopted by consensus a resolution calling on Governments, in particular those of developed countries, to take fully into account the special problems of developing island countries.

EEC has been among the first to recognize the special problems and needs of the island developing countries. In reviewing the implementation of the various fields of ACP/EEC co-operation, the ACP/EEC Council of Ministers urged that the provisions of the Lomé Convention should be applied more flexibly in the case of the least developed and island developing countries. They also urged that the needs and problems of these countries should be given special attention during the renegotiation of the Convention in 1980.

My delegation supports the spirit and the general principles of the Arusha Programme for Collective Self-Reliance and Framework for Negotiations. The document represents a comprehensive effort on the part of the third world to give as concisely as possible the areas of their concern. The document contains valuable suggestions that could be used as a basis for negotiations. We endorse its recommendations under item 16 (b) ("Specific action related to the particular needs and problems of island developing countries") to the effect that further specific action is needed to offset their major handicaps in transport and communication, the effect of their location at great distances from market

centres, their low resource endowment, their shortage of natural resources, their heavy dependence on only a few export commodities, their shortage of skilled and trained personnel and their heavy financial burdens. We believe that there is room for flexibility in the implementation of programmes to ensure that the full benefit of general measures in favour of the developing countries is adequately shared by the island developing countries.

There is need for strong financial and technical assistance to augment economic diversification and to lower the vulnerability of the small island countries. We need guaranteed access to remunerative markets, assistance in trade promotion, enlarged foreign investment and aid. There is a need for more feeder and inter-island transport services and for insurance schemes against natural disasters. For economies with limited trained personnel, as in small developing countries,

there is a need to simplify assistance procedures in order to accelerate programme delivery. We urge aid donors to move towards a system of programme aid. Migrant workers from our small islands can contribute effectively to the realization of local rural projects and we urge neighbouring developed countries to consider ways of supplementing our island economies in such a modest way.

In the hard negotiations that lie ahead it pays to reflect on the motivation that has brought us to Manila. Is it merely to reaffirm the strength of those who wield economic power or is it to relieve existing massive poverty? Is it to gain a political victory or is it our genuine concern to create a better life for all our peoples? It is our hope that whatever we do we shall face the task with humility and with a decisive will to help the poor and the disadvantaged nations.

**Statement made at the 150th plenary meeting, on 9 May 1979,  
by Mr. Eero Rantala, Minister of Trade and Industry of Finland**

Let me first express my delegation's profound appreciation to the Government and people of the Philippines for their warm hospitality and for the excellent arrangements made for the Conference. Both the generosity of the Philippine people, founded on time-honoured cultural traditions, and the superb conference facilities have already received the unanimous praise which they deserve.

Allow me also to associate myself with the previous speakers in expressing through you, Mr. Vice-President, to General Romulo, our fullest confidence in his leadership, which is one of courage, wit and long-standing experience in the field of international relations. I should like also to extend our warmest congratulations to the other officers of the Bureau.

The results of the sixth special session of the General Assembly, in 1974, provided the international community with an action-oriented framework for such structural changes as would contribute to justice and equity in economic relations among nations. UNCTAD has rightfully been assigned a prominent role in these efforts aimed at establishing the new international economic order.

The fifth session of the Conference is taking place at a time when the North-South dialogue is recognized as a permanent feature in international economic and political relations. Here at Manila we must make a thorough evaluation of the progress achieved in the implementation of the new international economic order and the role of UNCTAD in its pursuit. On the basis of this evaluation we must, at this Conference, agree on new directions for international economic co-operation—directions which will lead us to the next decade with a clearer understanding of the functioning of the global economic system and thus equip us better to respond to the new challenges.

It is by now generally accepted that the establishment of the new international economic order and the attainment of the social and economic goals of developing

countries will require substantial changes and adjustments, which will affect both international structures and the domestic decisions of individual countries. They will have to take place in harmony with the justified demands of the developing countries for a more equitable international division of labour and production. These changes and adjustments pose the major challenge for this Conference.

I would suggest that four constraints have been particularly detrimental to our efforts to meet these challenges.

First, the benefits of growth have not been distributed in a manner which would have produced a balanced and equitable development pattern for developing countries.

Second, international inflation has proved difficult to control. Consequently, many countries have had to resort to restrictive economic policies which have hampered economic growth and thereby delayed structural changes.

Third, the elimination of persistent structural external imbalances has not been successful. In particular, this has increased the burden on developing nations in the form of rapidly growing foreign indebtedness.

Fourth, the slow response of the industrialized countries to the new energy situation has added to the instability of the world economy. Together with uncertainty on international monetary markets, it has resulted in exceptionally low investment activity, thereby slowing down the adjustment process.

I am confident that, despite these constraints, there is scope for measures supporting faster progress. The contribution of countries with low rates of inflation and excessive surpluses is of particular importance in preventing the downward trend in the world economy. It is necessary to reach mutual understanding of the inter-relationships between various issues of development and the interdependencies of nations in relation to particular measures of economic policy. This would provide now

and in the future a strong argument against protectionism and in favour of the maintenance and further strengthening of an open trading system. The increased importance of the role of developing countries in the world economy should be reflected in the institutions of international economic co-operation.

I should also like to make one brief observation on measures at the domestic level, where—in the final analysis—adjustment takes place. Finland has, during the last decades, undergone several profound stages of adjustment in facing a changing international economic environment. For us the question has not been whether to adjust but how to adjust in a smooth manner to changing circumstances which, for the most part, have been external to our economy. In order to identify the conditions for long-term development in different branches and products, a number of sectoral studies on industrial adjustment have been initiated by the Government of Finland in close co-operation with employers' organizations and trade unions. I am convinced that they will increase our possibilities of participating in the global adjustment endeavour in the future.

I shall now turn to some of the specific issues before our Conference. Three years ago, at Nairobi, UNCTAD was entrusted with the responsibility of negotiating the restructuring of two important areas of international economic co-operation: trade in commodities and transfer of technology.

Finland was among those countries which welcomed and supported the adoption of Conference resolution 93 (IV) outlining the Integrated Programme for Commodities. The negotiations after Nairobi have demonstrated the manifold difficulties in approaching, for the first time, commodity problems in a comprehensive and integrated way. Notwithstanding the enormous work by Governments and the UNCTAD secretariat, the results, I think it is fair to say, have been relatively modest.

My Government was therefore encouraged by the recent breakthrough in the negotiations on the establishment of the Common Fund. Finland considers the agreement on the fundamental elements of the Fund as a decisive step, not only towards more organized commodity markets but also towards the overall goals of the new international economic order.

As Finland had already, at Nairobi, given its support to the Common Fund, we shall of course join the Fund promptly when the technical negotiations have been concluded. We are prepared to contribute our share to the financial resources of the first window. Recognizing fully the importance for the developing countries of measures other than stocking, my Government is ready, subject to parliamentary approval, to make a contribution of up to \$2 million to the second window of the Fund in accordance with a procedure to be agreed.

The negotiating process on individual commodities must be speeded up, to move in parallel with the progress achieved in the negotiations on the Common Fund. Strong and economically viable commodity arrangements with the widest possible participation of producers and consumers are necessary for organized world commodity markets. In this context, I take

pleasure in announcing that it is the intention of Finland to join the International Tin Agreement.

The Integrated Programme for Commodities is a multifaceted effort to tackle the commodity problems. The attention thus far given to the problems of price instability does not in any way diminish the importance of other elements of the Programme. Finland especially welcomes the emphasis given by UNCTAD to the marketing and distribution of primary commodities of export interest to developing countries. We fully recognize the great significance of increased participation by the producing developing countries themselves in the international marketing of their commodities. Finland for its part is actively seeking direct trade relations with developing countries on a basis which would be of benefit to both sides.

In the field of transfer of technology, Finland has actively participated in the negotiations on the international code of conduct on the transfer of technology. We have perceived the code as an attempt to translate some general principles of the new international economic order into precise norms in an area which is increasingly important in North-South relations and which, apart from the Paris Convention on the Protection of Industrial Property, to a great extent has been unregulated. In our view it would seem well founded to seek to establish an agreed international environment for technology transactions in order to avoid, *inter alia*, excessive prices, indirect costs and a network of restrictive conditions, as well as to provide minimum guarantees to the buyers of technology. For our part we hope that the code of conduct on the transfer of technology will, where appropriate, supplement more general United Nations activities with respect to transnational corporations. We believe that the promotion of transfers of technology to developing countries should be seen as a dynamic process, in which the code of conduct will be the first step.

The Code of Conduct for Liner Conferences, which has its origins in UNCTAD, will also be discussed at this Conference among shipping questions. I wish to announce that the Finnish Government now considers acceding to the Code with the same reservations as expressed by countries in a similar position.

New global norms and codes of conduct are now beginning to emerge in international economic co-operation. In addition, existing rules and procedures should be adjusted in order to ensure the efficient management of interdependence. I have in mind in particular the trade negotiations of GATT, notably the recently completed multilateral trade negotiations.

Being heavily dependent on foreign trade, Finland fully shares the concern expressed about the risk of increasing protectionist measures. My Government is convinced that the most effective way to counteract protectionism is to intensify efforts to eliminate or reduce obstacles to trade. I would like to join those who have expressed their satisfaction with the results of the multilateral trade negotiations, especially in respect of non-tariff barriers to trade. I am also convinced that the tariff reductions agreed upon during the negotiations will give the business community increased confidence,

which in turn will stimulate an expansion of the world economy.

I have noted the rather pessimistic comments of some of my colleagues from the developing countries on the results of the multilateral trade negotiations. I would hope, however, that those developing countries that are still evaluating the results of the negotiations will find it worthwhile to participate in the various arrangements that have followed from them. Active participation in the work of GATT, including the codes negotiated in the negotiations, would in our view be an effective means for these countries to secure their interests in world trade.

A major aim of the Tokyo Declaration was to provide additional benefits to developing countries from international trade. In pursuance of this aim, Finland, together with the other Nordic countries, aimed at negotiating provisions for the special and differential treatment of developing countries in practically all the fields under negotiation and with special regard to the interests of the least developed countries. The Finnish concessions in regard to tropical products—a priority sector according to the Tokyo Declaration—had already been implemented at the beginning of 1977. As a result of these concessions, Finnish GSP imports almost doubled in 1978 compared to the previous year.

There are instances where the least developed countries in particular find it difficult to derive full benefit from trade liberalization. This is perhaps explained by the technical complexity of the arrangements established. Finland, together with the other Nordic countries, has taken the initiative of—and accepted financial sponsorship for—arranging, together with the GATT secretariat and ITC, commercial policy courses on the implications of the multilateral trade negotiations for the developing countries.

Increased attention has been given to special measures in favour of the least developed countries. Aware of the vital importance of one single commodity, namely, coffee, for many least developed countries, Finland has decided to include coffee and some additional industrial and agricultural products in its GSP from the beginning of next year in favour of these countries.

It is true to say that the least developed countries have to a large extent remained outside the international development process of this decade. This Conference should pay particular attention to improving the

capability of these countries to participate fully in this process. To this end, increased flows of ODA to the least developed countries are of crucial importance and should be given priority by this Conference in the context of overall financial flows.

A very substantial portion of Finnish bilateral development assistance is channelled to the least developed countries. Of our ODA in 1978, 46 per cent was directed to these countries, which represents the highest percentage among all OECD donor countries. Finland has shifted to a grant basis in its development co-operation with the least developed countries and countries in a similar economic position. The Government of Finland as much as a year ago decided to convert into grants all outstanding ODA credits and credit commitments extended previously to these countries.

Since an increase in the volume of ODA remains a priority goal for Finnish development aid policy, the Government has set as an intermediate target an increase of at least twofold above the 1977 level in its ODA by 1982. This decision was taken in order to move more effectively towards the 0.7 per cent target of the GNP to which my Government remains committed.

Finland is also considering measures which would enable it to make multilateral aid commitments to United Nations development organizations on a longer-term basis.

It would be a major achievement for our Conference if we were able to relay to our countries realistic and viable policies and measures in response to the call for structural changes in world economy. Our Conference should also strive to mobilize public opinion in support of the global development effort.

In conclusion, I wish to say how much I agree with President Marcos when, in his far-sighted keynote address, he stressed the importance of perceiving our common human environment in a wider perspective in order better to understand the true meaning of interdependence for mankind. Indeed, the improvement of the living conditions of man is what development is all about.

It has been predicted that at the turn of the century 600 million people will still live in conditions of absolute poverty. At this Conference we must resolve to prevent this prediction from coming true. That is the challenge to our Conference.

**Statement made at the 148th plenary meeting, on 8 May 1979,**

**by Mr. René Monory, Minister for Economic Affairs of France, speaking in his dual capacity as President of the Council of Ministers of the European Economic Community and representative of France**

France currently occupies the presidency of the Council of the European Economic Community. It is therefore on behalf of the Community as well as on behalf of my Government that I have the honour to address you today at this fifth session of our Conference, which for the second time is able to take place in a great Asian country, thanks to the efficient, friendly and cor-

dial hospitality extended to us by President Marcos, Mrs. Marcos, the First Lady, and the people of the Philippines.

Allow me, Mr. President, in expressing my personal greetings, to ask you to convey to your Government the best wishes of my country and of the States of EEC for

the well-being and prosperity of your country and the people of the Philippines.

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Let met speak first on behalf of EEC. Occupying the presidency is always an honour and a privilege, but it is also at times a great responsibility. This seems to me to be the case at present since, during this first half of 1979, important negotiations have taken place or are in progress within the Community—the Common Fund, the commodity agreements and the code of conduct for the transfer of technology, the basic issues of the North-South dialogue—and our discussions are now reaching the traditional culminating point in the fifth Ministerial Conference.

Today we must look back over the ground covered since the fourth session of the United Nations Conference on Trade and Development, in Nairobi, and you will permit me to recall the role that EEC has played in the progress we have made together. I would then like to stress the importance we have always attached to the practical exercise of our interdependence and the increased co-operation among our countries which it requires, and to the goodwill we intend to mobilize to that end in the future.

#### I. THE RECORD

Three years have elapsed since we last met at Nairobi, and they have been years rich in negotiations. Some people consider that the rate at which these negotiations have been conducted and the results achieved are not in keeping with the urgency of the problems involved. Personally, I would qualify this view: the balance sheet is far from being negative.

Two topics were central to our discussions at Nairobi: the Integrated Programme and indebtedness. To these two topics I would add the more general problem of transfers of resources and the formulation of the Third International Development Strategy.

#### *The Integrated Programme for Commodities*

In adopting the Integrated Programme, the Conference, at its fourth session, achieved a result of paramount importance.

The creation of a Common Fund was accepted in principle by all groups of countries at the Paris Conference in June 1977. In March 1978, in Geneva, agreement was reached on the objectives and financial structure of the Fund. What now remains is the drafting of statutes. The record is less satisfactory as regards the conclusion of commodity agreements, which of necessity pose complex and specific problems, but we should be optimistic. Over the next few months the discussions on market stabilization should receive new impetus, largely through the setting up of the Common Fund, which the Paris Conference, urged on by EEC, specified as the key instrument in the implementation of the Integrated Programme.

#### *Indebtedness*

The question of the indebtedness of the developing countries has also received the closest possible attention of the countries of EEC.

At the Paris Conference on International Economic Co-operation, EEC, together with the United States of America, submitted a text which made an effective contribution to the working out of "common features" to be drawn on during the future negotiations on debt.

It was also at that Conference that the representatives of the industrialized countries adopted an EEC suggestion and agreed on the principle of "special action" on behalf of the poorest of the developing countries. The amount was set at \$1 billion. EEC has contributed \$385 million to this action, the amount being paid in full into a special account of IDA. I would point out that this contribution constitutes in overall terms an additional transfer of resources by the EEC countries.

The dialogue also continued within the Trade and Development Board. In March 1978, a resolution was adopted whereby the developed countries committed themselves to rescheduling the debts of the least developed countries on more favourable terms than those currently applied or, failing that, taking equivalent measures.

All the EEC countries have indicated that they intend to put this resolution into effect by officially initiating the internal procedures required for its implementation. Substantial measures should therefore be taken to alleviate the public indebtedness of a number of developing countries, and in particular those regarded as "the least developed countries", a category explicitly referred to in the resolution.

I would further recall that significant headway has been made in framing guidelines governing future debt rescheduling operations.

#### *Transfer of resources and formulation of the Third International Development Strategy*

It must be acknowledged that the record of achievements in the transfer of resources is less satisfactory.

As a result of the very difficult short-term economic and budgetary situation faced by virtually all the States members of EEC, most of them, like other industrialized countries, have been unable to attain or even to come close to the 0.7 per cent target of GNP for ODA.

I would emphasize, however, that in a general situation involving near stagnation of their GNP, the member States have nevertheless managed, both individually and collectively, to pursue their efforts to maintain and increase the flow of official and private transfers towards the third world. After recently entering into major commitments as regards the Common Fund, they are now constructively participating in the talks on the sixth replenishment of the resources of IDA and on an increase in the capital of the World Bank.

In fact, as regards the transfer of resources, we have clearly not yet found the most appropriate methods of meeting the financing requirements of the developing countries more satisfactorily.



The formulation of the Third International Development Strategy and the preparations for the special session of the United Nations General Assembly, to be held in 1980, will provide opportunities for a more thorough study of the subject. On behalf of the countries of EEC, I can assure you today that we intend to contribute in the most positive way to this study.

We believe that this strategy, on which UNCTAD must bring its own experience to bear, will help to clarify the objectives, to define the series of commitments for everyone, and to determine the respective roles and responsibilities of the industrialized countries with market economies, of the countries with centrally planned economies, and of the developing countries.

## 2. INTERDEPENDENCE

Our common will to promote more balanced relationships among ourselves is based on the conviction that our destinies are interdependent. It is true that conceptual differences still divide us as regards this concept, which is after all fairly recent. But I am convinced that we have here promising food for thought, on the basis of which significant progress could be achieved in bringing about the development of all the nations of the world.

As you are aware, for a long time now EEC has based its development projects on the conviction that there exists among us a mutual and necessary solidarity. I shall illustrate my statement by three examples in which the experience of EEC appears to me to provide a valuable lesson: regional co-operation; trade liberalization; the search for monetary stability.

### (a) *Development of regional co-operation*

Historical and cultural factors prompted EEC, immediately upon its creation, to establish very close links with 18 African States and Madagascar and subsequently, in 1975, with 57 African, Caribbean and Pacific States. These relations may be regarded, in the commercial and financial spheres, as a model of what can be achieved when all parties are moved by the political will to succeed.

To my mind, the scope and the innovative spirit of this co-operation have not been sufficiently stressed.

Might I simply point out that the financial outlay made by the Nine under the Lomé Convention represents a transfer of \$4.3 billion and that the STABEX system constitutes, at the regional level, an interesting attempt to compensate for fluctuations in earnings from commodities.

Obviously, the co-operation established by the Lomé Convention applies only to a small number of countries. They do, however, include more than two thirds of the countries regarded as the least advanced.

EEC has also extended and diversified the instruments of its co-operation with other regions of the third world.

For obvious reasons of geographical proximity and on the basis of long-standing economic relations, it did so first of all with the States of the Mediterranean area.

It was then the turn of the Latin American countries, and finally, more recently, and I note this with particular satisfaction, of the States in the area of the world grouped together in ASEAN.

Taken together, all these measures in favour of the third world amounted in 1978 to \$800 million in disbursements and \$1.2 billion in commitments.

### (b) *Trade liberalization*

The EEC policy of opening up markets is also related to the concept of interdependence.

As the world's principal importer, EEC constitutes the principal market for all non-oil-producing developing countries. Despite the economic crisis it is undergoing, the worst since the period between the two World Wars, EEC has consistently increased its non-oil imports from developing countries, including imports of manufactures, which have risen by an annual 30 per cent since 1972. I would lay particular stress on that figure, as it shows that this big world market is very wide open to foreign trade.

As you know, a fair proportion of such imports benefit under the GSP. Furthermore, the system was substantially improved in 1979 for the benefit of the least advanced countries by the grant of entry without tariff or quantitative restrictions for the bulk of their exports of manufactures. As for imports that are not covered by the GSP or by specific preferential agreements, I would point out that these are subject to a particularly lenient customs tariff.

I shall now turn to the criticism levelled against us for our attitude in the particularly sensitive sector of textiles. I should like my position on this point to be clearly understood.

The EEC textile industry is going through a serious crisis which has had often disastrous repercussions on employment.

In order to remedy this, two sets of complementary measures—I would emphasize this point—have been taken. The first aimed at controlling the trend in EEC imports following the sudden increase in 1977. The second aimed at adjusting the structures of the European textile sector at a socially acceptable pace in order to enable trade to develop harmoniously in the future.

The course chosen was that of negotiation, and likewise of genuine co-operation: the agreed levels of trade allow supplier countries on the whole to continue developing their production in line with the actual absorption capacity of the EEC market, at the present time and during the period covered by the agreements.

EEC was guided by the same spirit of co-operation throughout the multilateral trade negotiations.

In accordance with the Tokyo Declaration, and in order to enable the developing countries to participate more fully in world trade, the Community succeeded in having elements of special and differentiated treatment introduced wherever feasible and appropriate. Obviously, it must be understood that, as this process of integration in world trade progresses, as a certain level of industrialization is reached and as genuine exporting



capacity is developed, the common rules of GATT must gradually be accepted.

At a time when these multilateral negotiations are drawing to a close, each country is legitimately endeavouring to determine what advantages it expects to gain from them.

Because we are aware of the difficulties that we had to face in making certain concessions, all of us tend quite naturally to consider that we have given a great deal without obtaining a corresponding return. The outcome of negotiations is never likely to be totally satisfactory for anybody, and it must inevitably be so, since they represent a compromise between initially quite divergent interests. Nevertheless, experience shows that anything that favours the expansion of international trade is beneficial to the international community as a whole, and I believe that this is the case with these negotiations.

A good number of developing countries appear to be very pessimistic on this point at present.

This attitude entails great risks, not only because it misconstrues the efforts we have made to define special and differentiated treatment and thus gives rise to a certain degree of discouragement, but above all because it may also induce these countries not to accede to the codes on non-tariff barriers.

These codes, which are the most original product of the negotiations, will be what we make of them. Provision has been made for some of them to be reviewed in the light of experience, and I would recall that GATT, with its pragmatic tradition, places as much importance on the way texts are implemented as on their actual wording.

The best way for the developing countries to have their views recognized and to have their interests prevail is therefore to participate actively in the codes. I can only encourage them to do so.

### *(c) The search for monetary stability*

In the monetary area, the interdependence of our economies, of our development and of our growth is self-evident.

Perhaps because the building up of EEC has suffered from the effects of instability, the EEC countries are anxious to display the particular importance they attach to any policy aimed at promoting the stability of the international monetary system.

Indeed, without stability, how is a development programme to be initiated and to achieve success?

In this connection, the introduction of the European monetary system should be regarded as an essential contribution to improving the balance of the international monetary system.

The currencies of a group of countries that constitute the most powerful trading unit in the world are now linked together by stabilized exchange rates. The overall economic situation of EEC should be further strengthened thereby, particularly as a result of the attractive prospects opened up for investors. In view of the interdependence of our economies, the beneficial ef-

fects should in due course extend to trade and to the level of international prices.

This is the point stressed by the Heads of State and Government meeting in the European Council on 5 December 1978, when they stated that "the European monetary system should have a stabilizing effect on international economic and monetary relations; it will therefore accord with the interests of both the industrialized and the developing countries".

In conclusion, I think that we should all be well advised to refrain both from smugness and from constant carping.

Admittedly, we have not performed miracles in three years, but we have achieved significant progress.

The dialogue must continue.

Our task today, throughout this session, is to consolidate the achievements to date and to attempt to build on them, in particular by examining in greater detail the concept of the interdependence of economies.

The European Community of the Nine has always been particularly sensitive to the topics handled in the North-South dialogue on account of its age-old links with the developing world, with countries to which it has been brought close by history.

Rest assured that this attitude has not changed.

EEC, covering lands where world wars broke out during the first half of the century, wishes to be the bearer of a message of dialogue and conciliation in the second half of the 20th century.

I can assure you that no appeal will ever be made to it in vain whenever the aim is to work for the establishment of secure and equitable relations among all nations.

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I should like now to say a few words on behalf of my country.

France, as you all know, has always shown a special interest in and sensibility towards development problems. It took the initiative that led to the Paris Conference on International Economic Co-operation, and it is very much open to all the concerns facing the present Conference. We have no doubt that the work to be done here will make a worthwhile contribution to world economic development, without which the freedom and independence of each of our countries cannot be really secure.

As President Giscard d'Estaing said as long ago as 1964, when he was head of the French delegation at Geneva, "what is at stake in this Conference is an abundance of hope".

May that hope not be disappointed!

I should like to focus my remarks on a few of what I regard as the concrete implications of a positive approach to the idea of interdependence in the context of North-South relations.

For a long time, relations between our countries came exclusively under the heading of what was known as

"development co-operation", a term that conveys a praiseworthy sense of moral necessity, but at the same time so wide a difference in objective circumstances that the interplay of reciprocal influences is inevitably thrown out of balance.

Today, this approach has in many ways and in many respects become obsolete. The developing world as a whole and certain southern countries, taken individually, have become real partners; the sphere of common interests has grown considerably; awareness of our interdependence has become more acute.

In point of fact, our ineluctable solidarity no longer finds expression in the recognition of new principles but rather in the adoption of new patterns of behaviour.

These must arise out of the conviction that in many undertakings we have common interests; they must also force each one of us, through a real awareness of the constraints suffered by our partners, to accept our due share of the responsibilities incumbent upon us.

#### 1. PROMOTION OF MUTUALLY BENEFICIAL UNDERTAKINGS

The areas in which we can show imagination and a spirit of enterprise for greater mutual benefit are many; I should like to mention two by way of example.

The first is that of commodities. The results achieved since the Nairobi Conference vary widely. Like many other countries, France regrets that it has not been possible to conclude a greater number of commodity agreements. However, we consider that the successes of the last few months are more than encouraging and should provide an incentive for continuing the action undertaken over the past three years.

We are firmly convinced that when, in the near future, the Common Fund is placed at the disposal of the commodity agreements, it will give a new and dynamic impulse to product-by-product negotiations.

We must bear in mind that the reason why progress has so far been slow is that we have taken on a considerable task in examining the situation of 18 commodities taken together. It is not surprising, having regard to the complexity and diversity of the problems with which our negotiators have been faced, that the results obtained have not come up to our expectations.

Today, we have real technical achievements to our credit, and soon we shall have an effective financial instrument. We owe it to ourselves to make use of them.

The French Government remains convinced that the stabilization of the prices of raw materials at levels that are remunerative for producers and equitable for consumers must be more than ever a matter of high priority in the present economic situation. This is because many countries, and especially developing countries, are still very largely dependent on earnings from the sale of raw materials.

It is also a matter of high priority because we are all concerned about present and future supplies. These, however, can be guaranteed only if the international community creates conditions for a regular and adequate growth in investment.

For we must not only concern ourselves with immediate problems: we must also look to the future by bringing about a lasting improvement in production and trade structures, in the interests of all.

The priority we should like to see given to this action must not, of course, slow down the work in other areas with a view either to improving compensatory financing or to activating production on the spot when conditions are right.

The second sector in which we could engage in mutually beneficial action is that of energy.

As you know, France was one of the first countries to stress as early as 1974 and 1975 the new role that the international financial institutions should play in the development and utilization of the energy resources of the oil-importing developing countries. The French viewpoint has since been the subject of widespread discussion.

So far, there is reason to think we are moving in the right direction. In January 1979, the World Bank drew up a new programme for the development of energy resources which should make it possible gradually to build up to an annual lending rate of \$1.2 billion.

The President of the World Bank intends to hold a technical conference in June 1979 for the co-ordination of energy aid programmes. This will provide an opportunity for drawing up a provisional balance sheet of our action and for continuing the analysis of energy prospects for each category of importing country.

France, however, is also prepared to take part in a wider set of consultations and to envisage the setting up of an international energy forum.

The plan put forward by the President of the United States of Mexico, Mr. López Portillo, is most interesting in this respect. We are convinced that our Conference, which is concerned with the whole range of problems of interdependence, could play a useful role in this matter.

#### 2. RECOGNITION OF CONSTRAINTS AND ACCEPTANCE OF RESPONSIBILITIES

It is not possible to work effectively for the common good without at the same time striving to take into account the constraints affecting one's partners.

It is with this in mind that I should like to examine two major questions of great concern to us all: on the one hand, the indebtedness of the developing countries and the transfer of resources; on the other hand, the conditions governing the balance of international payments.

Since Nairobi, we have made considerable progress over the question of indebtedness, as I mentioned just now when I was speaking on behalf of EEC.

France, like many other countries, has been eager to implement the first part of the resolution adopted in March 1978; and I am now in a position to confirm that the French Government intends to propose to Parliament the measures necessary for the cancellation of all debts contracted under the heading of ODA by the following least advanced countries: Bangladesh, Benin,

Burundi, Central African Empire, Chad, Comoros, Guinea, Mali, Niger and Upper Volta.

This debt cancellation exercise will involve a total of 747 million francs; that total should be viewed in the light of a previous debt cancellation decision taken in 1972 and also in the light of the fact that most French official aid to these countries has taken the form of grants.

This financial effort which my country will be undertaking should be seen as an acknowledgement of the heavy economic constraint that their debt burden constitutes for the poorest countries at a time when they have still to set the development process in motion; but it should be quite clear that we cannot do much beyond this, for example as regards debt rescheduling.

As you know, my country has traditionally attached great importance to the difficult question of debt rescheduling, having regard to the experience it has acquired during 23 years of chairing multilateral meetings at which many operations for the consolidation of external debts have been prepared.

It is on the strength of this experience that I should like today to express my conviction that, to improve the present situation, what is needed is not so much to establish new institutions as to render the instruments we already have more efficient.

The international debt commission which some propose should be set up would in my opinion—even supposing it had the confidence of debtor and creditor countries—do no more than encumber administrative procedures which all debtor countries know must be swift if they are to be effective.

More interesting, in my view, is the recent decision to invite the UNCTAD secretariat to attend multilateral meetings of creditor countries with observer status. France is open to all suggestions that might usefully strengthen existing procedures, in the interest of the debtor countries.

In point of fact, the best way of preventing excessive indebtedness is certainly to increase the quantity and quality of ODA.

The disappointments of recent years as regards transfers of resources clearly demonstrate the limits of an exclusively political or moral attitude.

It is essential for each of us donor countries to convince our peoples that the object of these transfers is to create further production potential that will create new jobs and bring in further earnings, and thus be the best security for our continued growth.

We have further to break down mutual distrust, for example over private investment, and to dispel groundless fears. A little more realism in the traditional debate on aid would help to bring all this about.

Ways and means of achieving a balance in international payments are another central topic of our discussions.

The developing countries rightly want to achieve the highest possible growth rates. This objective implies, first, that they should have sufficient financial means to ensure an adequate volume of imports and, secondly,

that their exports should progress at a satisfactory rate. At the same time, the industrialized countries are being asked to stimulate their own growth and to keep their markets completely open to imports from the developing countries.

Not all these objectives can reasonably be reconciled.

There are, after all, limits to the capacity of the industrialized countries for balanced growth, and they are narrower today than they used to be. To exceed these limits would be to accelerate inflation and bring about external disequilibrium and monetary instability. To ignore them would result in the long run in a greater risk of jeopardizing free trade. We shall therefore have to do some harder thinking and try to set objectives that are neither contradictory nor fraught with long-term difficulties.

For developing countries, industrialization is an important factor in economic growth. Because it is on the increase, it is leading to profound changes in trade patterns and is beginning to give rise to problems of adjustment. We must, however, look to the long term, when this development will help to improve the international economic situation and to increase world prosperity.

The French Government is aware of the need to take account of this dimension in its economic policy, and I can tell you here and now that the measures adopted to cope with adjustments made necessary by all the changes facing the French economy take this factor duly into account.

It must nevertheless be quite clear that, in a free economy, government intervention will tend essentially to go along with the trend, facilitating the process of change by limiting its often painful social impact. Moreover, for any country, the choice of a policy of adjustment will be made not only in the light of economic factors but also having regard to the social implications of problems relating to security of supplies and, obviously, to the aspirations of the population.

For all these reasons I must in all honesty say that I do not think it realistic to seek to lay down, in the light of uniform international standards, the economic adjustment measures that the various categories of countries should adopt.

It is right and proper that we should exchange information about our efforts and problems, that we should strive to increase our common fund of knowledge, and that we should share the fruit of our experience. On the other hand, it would do little for international co-operation to subject individual policies to the critical examination of our instructions from this or that organization.

What is needed, on the contrary, is first of all to try to bring about a balance between the world's major economic zones, the OECD countries, the OPEC countries, the more advanced developing countries, the other developing countries and the countries with centrally planned economies.

In the developing countries, the need for rapid growth implies a need for long-term external finance. The slower the growth of production in the industrialized countries, the greater and more lasting this need will be,

and this must inevitably hinder the rate of progress of world trade.

We must acknowledge this need felt by the developing countries for long-term finance and must draw the consequences where structural or lasting surpluses exist in other countries.

It is a friendly and confident appeal that I address to countries with structural surpluses, whether they are industrialized or members of OPEC. Let us put it quite clearly: these countries have a historic responsibility for the world's economic equilibrium in the years to come. In turning to them, I am appealing just as much to their clear-sightedness as to their generosity.

As far as France is concerned, there can be no question of dodging its responsibilities.

Through the trying years our country has just traversed, and despite a severe deficit in our current payments as a result of the increase in oil prices, we have sought to maintain our ODA effort at its existing level.

Once the balance has been restored, France intends to continue its forward movement both as regards aid and as regards the opening up of its capital market. As of this year, France has proposed to the World Bank that it borrow 500 million francs.

We shall also have to see to the permanent adaptation of the Bretton Woods institutions so that they may respond to the needs of member countries.

Over the past three years, a very considerable effort has been made to adapt the resources of IMF, as regards both the volume of available funds and the arrangements governing their use, with a view to meeting the financial requirements of the developing countries more adequately. Recently, the question of credit conditions has been very thoroughly reviewed. This examination has resulted in a substantial revision of the conditionality rules, which should enable countries in difficulties to obtain timely assistance from IMF.

Clearly, the process of adaptation within IMF is an evolving process, and the competent authorities of IMF will see to its development.

In this connection I should like to mention that I regret the recent allocation of SDRs decided on by IMF last September. The key used, based exclusively on existing quotas, has led to the distribution of too small a proportion to the developing countries. I hope we shall be able to review this question with a view to any forthcoming allocations.

A positive approach to interdependence presupposes an evaluation of the reallocation of the increment in wealth produced among all the members of the interna-

tional community. Likewise, it presupposes that we should devise policies that can correct such imbalances as may arise from the accumulation of excessive surpluses.

Everyone is aware that the remarkable trade figures achieved overall by the developing countries in recent years are in fact unequally distributed.

The use that developing countries have been able to make of various incentive procedures or systems established by the industrialized countries has turned out to vary greatly from one country to another. Certain countries have become important and effective trading partners in the space of a few years.

In our view, the time has come to study ways and means of integrating such arrangements fully, on a basis of equal rights and obligations, into the conduct of international economic relations. This would probably provide new opportunities for other countries which are currently less prosperous.

I hasten to add that we must not prematurely pass over the problems of internal development, which in many cases continue to beset developing countries when they have achieved a successful trading record.

It seems to me that it would not be very reasonable or equitable to impose sudden restrictions on their access to other instruments of development, and in particular to official aid.

We should, in fact, be moving towards the establishment of aid differentiated as regards volume and conditions, so that the least advanced countries may enjoy privileged treatment, particularly in dealings with multilateral institutions.

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Here then are the thoughts and proposals brought to mind by the items on our agenda.

I have noted that this is an ambitious agenda, and that is at once its strength and its weakness. Many proposals of an institutional nature have already been made; they will have to be accorded serious scrutiny but must not divert us from consideration of the substantive problems.

My country, like many others, has high expectations from the work of the fifth session of the United Nations Conference on Trade and Development here at Manila. I can assure you that my delegation will make every effort to see that discussions are open and constructive, since otherwise there can be no progress towards greater justice and universally perceptible equality.

**Statement made at the 166th plenary meeting, on 18 May 1979,  
by Mr. Thierry Moussavou, Personal Adviser to the President of Gabon**

It is an honour for the Head of the Gabonese delegation to take the floor at this session of the United Nations Conference on Trade and Development.

First of all, I should like to express my sincere thanks to President Marcos and Mrs. Imelda Romualdez Marcos, as well as to the Government and people of the

Philippines as a whole, for the very warm welcome they have given us since our arrival in Manila and for the splendid arrangements made for the organization of this Conference.

I should next like to join those delegations which have preceded me on this podium in congratulating you, Mr. President, on your impressive election to the presidency of the fifth session of the Conference. My congratulations are also extended to all the officers of the Conference. I am convinced that your thorough knowledge of the problems which concern us all is bound to contribute to the success of this session, which marks a decisive stage on the way to the establishment of a new world economic order.

Finally, I should like to express my gratitude to Mr. Gamani Corea, the Secretary-General of UNCTAD, and to the secretariat of the Conference, for the quality of the technical documents, which will facilitate the work of the Conference.

An analysis of the international economic situation—as shown in the documents of the Conference—highlights two serious problems facing the international community. These are, first, the extremely slow progress made in establishing a new international economic order and, secondly, the persistent economic malaise in the developed market-economy countries, which have not succeeded in controlling the now chronic imbalances in their balance of payments and still have high inflation and unemployment rates.

Since in 1977 the developing countries' share in world trade with the developed market-economy countries was 27 per cent, these imbalances necessarily have unfavourable consequences for the developing countries, the clearest signs of this being the cutbacks in development programmes and the considerable worsening of their debt situation.

At the same time, trade between planned economy countries and developing countries accounts for only a relatively low percentage of their total foreign trade.

In spite of the fact that my own country, Gabon, has a diversified commodity production, its participation in world trade is less than 0.1 per cent. Compared with a global value of world exports in 1977 amounting to \$1,127.2 billion at current prices, Gabonese exports—97 per cent of them commodities—accounted for only 0.09 per cent, with a global value of \$1.096 billion. It must, however, be noted that measures have been taken both to increase our production and to stimulate our exports. Unfortunately, in spite of all these efforts, our share in world trade has not significantly increased. The recession experienced by our main clients has had adverse effects on our domestic production, in particular in the forestry sector. The slowdown in the economic activity of some countries has undermined our forest products processing industry.

My delegation shares the view that the problems that face the international community are problems requiring a world-wide solution in which one of the basic elements is the interaction between the nature of the international economic system as a whole and the well-being of each of the groups within it.

Similarly, we share and support the idea of vertical economic relations that ensure for the weakest or most dislocated developing economies special advantages in accordance with their level of development in a concern for justice.

We have reached a turning point in our evolution, since this Conference is being held at the end of the 1970s and at the dawn of the Third United Nations Development Decade. This stresses the importance of the resolutions which will result from the Conference, since they must contribute to the progress of the negotiations within UNCTAD and within other United Nations bodies concerned with establishing the new international economic order. These resolutions should help in the formulation of the new development strategy that will define the direction of world economic co-operation for the year 2000.

The fourth session of the Conference, at Nairobi, engendered many hopes within the developing world. Since that time, many conferences and meetings of experts have taken place to implement the relevant provisions of the resolutions adopted at Nairobi. But we are forced to admit that the results obtained have not matched the efforts made. Hence my delegation considers that the recommendations of the Arusha Programme provide a valuable basis for discussions and calls upon all countries to support them.

I should now like to turn my attention to the various items on our agenda.

With regard to the Integrated Programme for Commodities, while we may congratulate ourselves on the results of the third session of the Geneva negotiations, in March 1979, when agreement was reached on the objectives and the financial structure of the Common Fund, it is nevertheless true that some of the measures envisaged in Conference resolution 93 (IV) are still in abeyance, in particular those relating to the conclusion of commodity agreements.

However, my country considers that no effort should be spared to stabilize the export earnings of developing countries and that any initiative to this end should have universal support. In this respect, the setting up of the Common Fund, with its two windows, should be considered as one instrument, although not the only one, complementing the existing institutions in this area.

Gabon, as a commodity-exporting country, is naturally anxious that these commodity agreements should take place within a reasonable period and should provide for stable prices that are sufficiently remunerative for producers and equitable for consumers.

I trust that the Conference will give due consideration to this concern, which I hope is shared by all the delegations.

With regard to manufactures and semi-manufactures, we reaffirm our adhesion to the GSP without reciprocity or discrimination, since we believe that industrialization, which is a priority aim of the economic development programmes of the developing countries, needs to be supported as a factor of economic growth by incentives on the part of the developed countries. We are therefore of the opinion that the GSP should continue

to be applied beyond the 10-year period initially provided for, bearing in mind in particular the need for the long-term planning of exports from developing countries.

However, bearing in mind the growing erosion of the special preferences enjoyed by certain developing countries, account must be taken, in improving the GSP, of the relevant interests of developing countries enjoying special advantages, and appropriate means to protect their interests must be found urgently.

The Arusha Programme for Collective Self-reliance and Framework for Negotiations pertinently indicates that, since the collapse of the Bretton Woods system in 1971, international monetary relations have been characterized by exceptionally high and persistent inflation rates and great instability in the exchange rates of the major currencies. Despite the measures taken, the process of international adjustment has not been satisfactory and substantial imbalances in payments persist. It is recognized that we must proceed without further delay to a thorough overhaul of international monetary arrangements to make them better able to promote world trade and development and, in particular, to support the development of developing countries within the general framework of the establishment of the new world economic order.

I consider that to palliate the serious effects of the fluctuations in the exchange rates of the major currencies on the trade and the currency reserves of the developing countries, the international community should rapidly adopt a system in which SDRs would be the main international reserve asset.

With regard to debt servicing, we can express our satisfaction with the measures adopted by certain developed countries to lighten the burden on developing countries, in particular the least developed or the most seriously affected. We feel sure that, in accordance with the spirit and the letter of Conference resolution 94 (IV), the efforts undertaken in this area will continue and will involve the majority of countries.

We are pleased that this session of the Conference has given the question of international shipping the place it deserves.

The economic realities inherent in this sector are a subject of constant concern to my country, whose trade—in our view the major force behind economic and social development—is almost entirely sea-borne.

The Conference, at its third session, recognized the need for the growing participation of developing countries in the traffic generated by their sea-borne trade. The International Development Strategy for the Second United Nations Development Decade and the Programme of Action for the Establishment of a New International Economic Order take this aim into account. We note, however, with concern that no great progress has been made in this area.

My country is particularly concerned by the growing deficit under the heading "transportation" related to transactions involving goods and services. To correct this, urgent appropriate measures have been adopted. A National Shippers' Council was set up, and several

years later a national shipping company was established.

The Gabonese Shippers' Council, the instrument for controlling freight rates, had to proceed at once with negotiations with the groups of shipowners serving the ports and roadsteads of Gabon. Memoranda of understanding establishing the general framework for formal consultations were exchanged with the major liner conferences. The consultation machinery set up by these memoranda allowed for a considerable reduction in the rises in freight rates announced by shipowners and delayed their application. The efficacy of this type of action should take on a new dimension in the framework of the regional organization constituted by the Ministerial Conference of West African States, established in 1975, whose operational body is the Regional Negotiating Committee, and in the framework of the Shipping Centre.

It was intended that the action of the Gabonese Shippers' Council, whose basic aim is to stem the flow of expenditure on services and to support the marketing of our products, would be strengthened by the significant participation of our National Shipping Council in the main flows of national traffic.

This project at once came up against the restrictive practices of the liner conference system, with its *de facto* discrimination in sharing out cargoes to the detriment of the national company. This discrimination may be overt or insidious.

The United Nations Convention on a Code of Conduct for Liner Conferences, adopted on 7 April 1974 by more than 86 per cent of the States participating in the Diplomatic Conference and belonging both to the group of developed market-economy countries and to the group of planned economy countries, seemed to us a sufficiently flexible framework to allow shipping to be organized on a rational and equitable basis.

We wish to express here our concern at the tardiness in ratifying this important instrument. We appeal to the international community to call upon those countries that have not already done so to do their utmost to ensure that the provisions of the Code enter into force without delay. In this connection, we consider that the Code cannot be revised at all until it has been implemented by the international community as a whole.

With regard to ECDC, I should mention that my country is continuing its fruitful and mutually advantageous co-operation with its neighbours. The Deputy Secretary-General of UDEAC, our organization for subregional economic co-operation, has described to you the objectives that we are jointly pursuing. I would merely point out that our system of co-operation is characterized in the area of trade by the free movement of goods, the absence of quantitative restrictions and the abolition of customs duties between member States. However, for manufactures and semi-manufactures there is a special tariff consisting of a single tax of which the average rate is no higher than 12 per cent of the value of the products ex factory.

Moreover, to take account of the inequalities in the development of our respective economies, a solidarity fund has been set up to compensate for the condition of

underdevelopment and to offset the advantages gained by coastal States from the economic activities of countries that are land-locked.

Finally, a Development Bank of the Central African States was set up with the participation of all the member States to promote the economic integration of the States concerned. Its operations are intended first and foremost to finance projects of recognized value to the community.

My country is aware of the special situation of the least developed among the developing countries. It reaffirms its support for the measures described in Conference resolutions 62 (III) and 98 (IV) and recommends that every step be taken to implement them effectively. It supports the idea of setting up an expanded programme involving two stages. These are:

*First stage:* an urgent effort to be made for the immediate future in the form of an accelerated programme of greatly increased aid for the least developed countries in order to give a direct impetus to their economy;

*Second stage:* a new and substantial programme of action to be formulated for the Third United Nations Development Decade with the aim of allowing the least developed countries to transform their economy with a view to autonomous development.

**Statement made at the 158th plenary meeting, on 14 May 1979,  
by Mr. Horst Soelle, Minister for Foreign Trade of the German Democratic Republic**

Mr. President, I have had already an opportunity to congratulate you when you took over the responsible task of presiding over this Conference. Allow me, please, to wish you and the Secretary-General of UNCTAD, Mr. Gamani Corea, further success in your activities. Please convey to the President of the Republic, Madame Imelda Romualdez Marcos, the Government and the people of the Philippines our warm thanks for the cordial hospitality extended to us and for the excellent organization of this Conference.

The fifth session of the United Nations Conference on Trade and Development is taking place at a stage of international developments which are particularly dynamic. However, the peculiarity of the moment consists in the fact that both positive and negative elements are to be found in international relations. The most important accomplishment is, no doubt, that it has been possible, by the combined efforts of all forces interested in peace and *détente*, generally to lessen the danger of a new world war. Notwithstanding the fierce counter-attacks of those opposed to *détente*, the results achieved in the process of relaxation of tension have a lasting positive impact on international relations. Undoubtedly this process has advanced the most in Europe. Our continent sees its fourth straight decade of peace, which is the longest we have ever had.

This development is related, to a large extent, to the further advance of real socialism in the member countries of CMEA. During the past few years the socialist States have again taken numerous initiatives with regard

Finally, as regards co-operation among countries with different socio-economic systems, my country considers that the developed countries, whether market economy or planned economy countries, have an equal share of responsibility for the growth of world trade in general and the development of the exports of developing countries in particular, within the framework of the establishment of the new international economic order.

The problems of international economic co-operation for the Second United Nations Development Decade should no longer be presented in terms of historical responsibilities but in terms of collective self-reliance.

That is why for some years now Gabon has pursued a policy of dynamic, forward-looking co-operation based on equal rights and mutual advantages, concluding a number of economic and trade agreements with most of the planned economy countries. Long-term contracts covering a number of products were negotiated and concluded recently.

In conclusion, I should like to express the fervent wish that, in the context of the objectives to be assigned to the Third United Nations Development Decade, the role of UNCTAD will be strengthened and that the new strategy will be formulated on the basis of the need to resolve the fundamental economic problems of all the developing countries.

to all major international issues. Further positive changes have been brought about in favour of progress all over the world. That refers above all to the popular revolutions in various countries of Africa and Asia, the deepening of revolutionary processes, and the successful development of national and social liberation movements on several continents.

However, we cannot overlook the fact that events on the international scene since the fourth session of the Conference have not fully taken the course that would have been necessary in the interest of the peoples.

The incessant arms race remains as before the sensitive spot of international relations. It not only seriously threatens peace and the life of peoples, but also hampers economic development and world trade. The wealth of our globe is senselessly wasted. The progress of all mankind is slowing down. This is a reflection of the activities of those who want to drag the world back to the cold war period.

We have been watching with concern the attempts of certain groups to interfere in the internal affairs of other States, to add fuel to existing conflicts, to create new trouble-spots or to bring about spurious solutions, which unilaterally serve the interests of certain groups. Peace is also menaced by those who at present openly speak about the inevitability of a new world war, trying at the same time to resolve problems of international relations between States through aggressive military action. All that has caused a slowdown in the improve-



ment of the international climate, a fact that has inevitably affected trade and development. The aforementioned issues are therefore of topical relevance to this Conference.

The German Democratic Republic advocates the idea that it is an important and urgent task of the Conference, at its fifth session, to give new impetus to the further restructuring of international economic relations on a just and democratic basis and to promote such relations through concrete measures. We reaffirm our point of view that the democratization of world economic relations is an objective requirement of our era. Existing international economic relations are in contradiction with today's realities. They are still to a large extent marked by colonial structures, discrimination, trade barriers, non-equality of rights, unilateral advantage and exploitation by transnational corporations and imperialist Powers.

The German Democratic Republic has had to wage, from the very first day of its existence, a fierce fight against imperialism for economic equality and against discrimination, which impeded the development of our State by every means, making use of these outlived economic relations. Such practices ranged from economic boycott and trade barriers to attempts at unequal treatment and economic pressure.

Our fight for the democratization of international economic relations is closely linked with the struggle of developing countries to overcome their economic backwardness and underdevelopment. The German Democratic Republic considers it an urgent command of common sense to eliminate the hunger, illness and illiteracy that still beset more than one half of the world's population. The achievement of this goal requires first and foremost true economic independence of foreign tutelage and exploitation. Appropriate resolutions have already been adopted at various sessions of the United Nations General Assembly.

The German Democratic Republic approved the resolutions adopted at the sixth special session of the United Nations General Assembly as well as the Charter of Economic Rights and Duties of States, and has advocated the restructuring of international economic relations. It contributes, within the scope of its possibilities, to the implementation of those resolutions. Most of these resolutions have still not been implemented in their essential aspects. The situation of the developing countries continues to be characterized by inequality and discrimination within the system of international capitalist division of labour. Full national sovereignty of the developing countries over their natural and other resources is still not guaranteed. The negative impact of the activities of transnational monopolies on developing countries has not been overcome, but continues to increase. Protectionism and discrimination in trade on the part of the main capitalist countries and their monopolies are increasing. Transfer of technology in reverse—the brain drain—is becoming an additional source of profit for capitalist monopolies and an obstacle to the national progress of developing countries. Serious problems encumbering international economic relations, such as inflation, unemployment, growth difficulties, imbalances and currency in-

stabilities, continue to exist in the capitalist world economy. The implementation of fundamental social and economic changes in developing countries is being openly or covertly sabotaged, and in some cases thwarted, by reactionary forces. All this supports the justified demand of the developing countries to eliminate these evils by structural changes in the world economy and world trade.

The deep crisis in the capitalist economic system in the mid-1970s and its interconnection with a series of long-range structural crises in the capitalist system have brought about further strains. All attempts to improve the situation, if made at all, are nowhere near taking account of the need for fundamental changes. They simply aim at a kind of cosmetic surgery aimed at perpetuating existing conditions. For this reason the German Democratic Republic rejects the theories that speak of the collective responsibility of all States for the existing precarious economic situation, especially that of the developing countries.

The German Democratic Republic supports without reservation the implementation of the justified demands of developing countries as stated in the aforementioned resolutions. The German Democratic Republic—along with the other socialist States—resolutely champions a democratic restructuring of international economic relations. In its view, this stance is not determined by tactical considerations, but results from the essence of its socialist order of society. It has always given proof of this attitude.

The continuous and crisis-free economic development of the member countries of CMEA is a positive element of international economic relations. The member countries of CMEA have developed among themselves a new type of international relations which have resulted in considerable progress in the political, economic, scientific and technological fields. These relations, which are based on a common social and economic system, have been developed on a voluntary basis. They are founded on respect for the sovereignty, independence and national interest of States, non-interference in internal affairs, full equality of rights and mutual advantage. All this has enabled the socialist States to make the CMEA region—some areas of which used to be among the most backward in the world—a dynamic economic community marked, despite all existing difficulties, by continuity, stability, economic growth and social certainty. A living example has thus been given of alternative solutions to the problems which many developing countries are striving to overcome. The development that has taken place in all CMEA member countries also holds good in the case of the German Democratic Republic, which will celebrate the thirtieth anniversary of its foundation this year.

Thanks to the close and trustful co-operation within CMEA, it has been possible—even in these years of deepening crisis in the world capitalist economy—to ensure economic growth at substantial rates. The most adverse effects of the capitalist crisis have been prevented from spreading to the national economy of our own country. Nevertheless, some effects of the capitalist crisis on the international trade of the German Democratic Republic have brought about changed con-

ditions in the external economy and, in some cases, new situations.

It is unquestionable that the fundamental interconnection of the national economy of the German Democratic Republic with the economies of the other CMEA countries has proved to be greatly advantageous and to have a safe perspective for all those participating. On this sound basis ever new possibilities have been and are being created constantly for the vigorous development of trade with developing countries and a broadening of business transactions with the companies of industrialized capitalist countries as well. Concrete evidence of this is, for instance, the fact that the German Democratic Republic is entrusted with the implementation of more and more industrialization projects in developing countries, among other things in the fields of the construction of heavy machinery and machine tools, electrical engineering and agricultural machinery.

The German Democratic Republic shares the view that UNCTAD is, within the framework of the United Nations system, the most universal body in the field of trade and development today. A main task in this field is the all-round promotion of trade relations between States with different social systems. This is an extremely complex problem covering East-West trade, as well as economic relations between socialist and developing countries.

The German Democratic Republic has always attached great importance to these trade relations, which are mainly bilateral, and also will be in the future. This does not, of course, rule out more intensive development of multilateral elements as well, and of new forms of co-operation, such as tripartite and multilateral co-operation, on the basis of positive experience and traditional bilateral partnerships.

Trade and economic relations with developing countries occupy an important place in the foreign and external economic policies of the German Democratic Republic. They range from the conventional exchanges of goods to complex, multifarious forms of economic, industrial, scientific and technical co-operation. The German Democratic Republic envisages expanding these relations continuously both in quantity and quality.

This has also been clearly reflected in the recent State treaties, joint communiqués and declarations signed by the Secretary-General of the Central Committee of the Socialist Unity Party of Germany and Chairman of the State Council of the German Democratic Republic with the Heads of States of several developing countries on the occasion of State visits. They are an effective contribution to the development of economic relations between States in accordance with the principles of sovereign equality, equal rights, non-discrimination and mutual advantage. In the friendship treaties concluded by the German Democratic Republic with Angola and Mozambique, the contracting parties advocate "the establishment of a new international economic order on an equal and democratic basis and free from imperialist exploitation". The reference to these problems in international treaties underlines the great importance the German Democratic Republic attaches to them and

demonstrates how seriously it takes its commitment to support this struggle.

As a result of this development, the exchange of goods with developing countries has increased considerably in recent years. In 1978 alone, the growth rate amounted to 32 per cent as compared with the previous year.

Of all foreign regions, the swiftest rate of growth has been achieved with developing countries. This increased turnover has taken place not only with countries with some of which the German Democratic Republic has maintained traditional relations for decades, for the geographical scope of these relations has been broadened through the establishment and dynamical development of exchanges of goods with a number of other countries, including some of the least developed countries.

The German Democratic Republic imports increasing amounts of semi-finished products and manufactures from countries that have the corresponding industrial prerequisites. These products already account for 33 per cent of the total imports of the German Democratic Republic from these countries, and in some cases this share is even higher.

The German Democratic Republic is concerned to give these relations a complex character, rather than limiting them to a simple exchange of goods. On the basis of intergovernmental agreements and commercial contracts, it provides interested parties in these countries with machinery, equipment and complete plants, and transfers technological knowledge to them.

In appropriate cases, depending on the type of plant, and where it is in the interest of the parties concerned, the German Democratic Republic also combines the implementation of projects with assistance and aid of another kind, such as transfer of technical know-how, sending of experts as well as specialized training and upgrading of nationals of partner countries at various levels. The projects erected by the German Democratic Republic vary widely. They include industrial enterprises manufacturing heavy machinery, textile mills, printing shops, cement factories, agricultural and transport equipment and public health and educational facilities.

Thus parties in the developing countries have been supported in their efforts to gain economic independence and better to utilize their resources, in particular by the processing of raw materials in their own countries.

In accordance with the principles applied in this respect by the German Democratic Republic, the enterprises established become the national property of the countries concerned and there is no withdrawal of profits.

In this way we promote, within the limits of our possibilities, the accelerated economic development of these countries, thus contributing directly to their social development.

Relations which are based on long-term intergovernmental agreements in the fields of trade and co-operation in industry, economy, technology, science

and culture have proved to be especially advantageous to all parties concerned. Well-established mechanisms, such as joint economic committees at the governmental level, have an encouraging impact. The number of agreements concluded by the German Democratic Republic with 45 developing countries so far totals 79. It goes without saying that these trade and economic relations are shaped by such criteria, means and methods as are customary and possible between States with different social systems.

For many years, and to a growing extent, the German Democratic Republic has unselfishly supported, by a show of solidarity, the people in many regions of the globe who still live in poverty and misery, who are affected by natural disasters or suffer from aggression, colonialism, neocolonialism, racism and *apartheid*. People of all walks of life in the German Democratic Republic participate in these solidarity campaigns.

Annually about 200 million marks flow into the solidarity fund of our country and are used to provide, free of charge, material relief goods—medicines, equipment, foodstuffs, etc.—to affected areas in Africa, Asia and Latin America, as well as to finance medical treatment and the training of personnel. All this aid given by way of solidarity is indeed an effective contribution to the development of the countries and areas concerned.

As regards our economic relations with the industrialized capitalist countries, new forms which go beyond traditional trade have emerged. We consider that as one significant result of the Conference on Security and Co-operation in Europe. The German Democratic Republic does everything within its power to make an adequate contribution to the implementation of the Final Act of the Helsinki Conference. Long-term industrial and technical relations and manifold forms of industrial co-operation increasingly characterize trade and economic co-operation with the industrialized capitalist countries. Consortium agreements and reciprocal purchase contracts signed between enterprises in the German Democratic Republic and foreign economic institutions are new forms of such co-operation. The reciprocal purchase contracts provide, *inter alia*, for the refinancing on the basis of State guarantees of imported industrial plants with products manufactured in the plant erected. It has turned out that reciprocal purchase deals are benefiting all the parties concerned, including medium- and small-size enterprises.

This trend has influenced the structure of exports of the German Democratic Republic to the industrialized capitalist countries in the sense that the products of the machine and plant building industries, electrical engineering and electronics products, as well as scientific appliances, have a considerable share in such exports. In accordance with the economic structure of the German Democratic Republic, it is definitely possible to increase further the delivery of industrial products. However, that would require that the industrialized capitalist States reduce protectionist measures and various political and technical trade barriers which counteract this willingness. The wave of protectionism that has been unleashed during the last few years by leading capitalist countries creates particular dangers to

world trade as a whole. We strongly oppose any attempt to resolve domestic difficulties by subjecting others to trade discrimination, restrictions and deficits. We reaffirm our view that protectionism is not conducive to the promotion of world trade.

With regard to the negotiations on the Common Fund, an important intermediate stage was recently concluded. Nevertheless, we cannot be satisfied with the results achieved in the implementation of the Integrated Programme for Commodities. It becomes increasingly obvious that the main responsibility for the difficulties arising in that connection lies with the transnational monopolies. Therefore the German Democratic Republic, in line with what it did at the fourth session of the Conference, wishes to invite the attention of the Conference to the necessity of working out and adopting, in a more effective way than it has done so far, measures designed to control the activities of the transnational monopolies in the field of international commodity trade and prevent their penetration into the commodity-related economic sectors of the developing countries.

In its constructive approach to the solution of the complicated problems of international commodity trade and the related further implementation of the Integrated Programme for Commodities, the German Democratic Republic is guided by the fact that, as a country with a socialist planned economy, it is interested in curtailing spontaneous market forces. Within the bounds of its possibilities, the German Democratic Republic will continue to direct its efforts to the achievement of real results in the negotiations on the Integrated Programme for Commodities. It consistently advocates the preparation and signing of international agreements as a principal means of stabilizing commodity markets. We have repeatedly pronounced ourselves against tendencies aimed at stabilizing commodity markets exclusively through buffer stocks. The German Democratic Republic holds the view that the stipulation of binding minimum and maximum prices on the basis of reciprocal purchase and supply commitments is of special importance.

Such international measures must also aim at eliminating disproportions in supply and demand, ensuring continuous supplies, preventing extreme price fluctuations to make prices calculable on a long-term basis, and curbing inflation as well as prices dictated by the monopolies.

One of the most important activities of UNCTAD since the fourth session of the Conference has been the convening of the United Nations Conference on a Code of Conduct for the Transfer of Technology. The German Democratic Republic, together with the other socialist countries, had actively co-operated during previous stages of preparation of that code. We feel that a universally applicable code of conduct, which meets the interests of all countries and rules out any discrimination, is likely to promote the international transfer of technology on an equal footing and to support the developing countries in their efforts aimed at reducing their technological and economic dependence. This code of conduct can also make an essential con-

tribution to the curbing of restrictive business practices, particularly of transnational monopolies.

When trying to strike a balance of the results achieved between the fourth and fifth sessions of the Conference, it can be said that, during this period, a number of useful activities have been initiated, and in some areas there is a record of appreciable results. On the other hand, several basic issues remain unresolved. It should not be reasoned, however, that the span of time between the two sessions has been relatively short. What matters is that, for well-known reasons, no radical change for the better in the world economy and international trade

has occurred. That is also why the situation of the majority of developing countries has not yet improved.

Consequently the fifth session of the Conference is called upon thoroughly to analyse the situation, to identify the real causes of obstacles and difficulties, and draw the necessary conclusions. Thus this Conference can make a valuable contribution to bringing about a change for the positive in the struggle for a democratic restructuring of international economic relations.

The delegation of the German Democratic Republic will actively and constructively co-operate in the task of achieving this goal.

**Statement made at the 150th plenary meeting, on 9 May 1979,  
by Count Otto von Lambsdorff, Federal Minister of Economic Affairs of the Federal Republic of Germany**

Mr. President, let me begin by congratulating you on behalf of my delegation on your election to preside over this fifth session of the United Nations Conference on Trade and Development. I should also like to take this opportunity of thanking your Government and the people of the Philippines for the hospitality with which they have received the Conference participants.

We are very pleased that the fifth session of the Conference is being held in a country with which the Federal Republic of Germany has such good bilateral relations. These are growing in many fields, but especially on the economic side, as our expanding trade with each other and the interest shown in your country by German capital investors demonstrate. Indeed, the partnership which has developed between our two countries in the area of economic co-operation is in many ways exemplary of the kind of relationship we feel is needed between an industrialized country and one in the process of development. The same is true in fact of our economic co-operation with other members of ASEAN.

We regard ASEAN as a valuable and important attempt at regional collaboration among countries with young, dynamic economies. It shows that collective self-reliance within the developing nations is not incompatible with a constructive dialogue between them and the industrialized world. These two aspects of the development process complement each other. Furthermore, by successfully striving for economic cohesion, the ASEAN grouping has achieved a political importance which makes it a stabilizing element for peace in an unsettled part of the world.

The fifth session of the Conference is a significant milestone in the dialogue between North and South. It is one of a continuing series of conferences and meetings covering international economic relations. As we are all aware, this particular Conference on its own will not achieve our final goal of reducing the gap between rich and poor countries and integrating the developing nations more fully into the international division of labour. The problems we face are too far-reaching and complex for that. But it can help us to take a good step along the way to that goal. We hope therefore that our deliberations here will be cordial and open and produce results which we are all able to accept.

The prospects for this are not at all unfavourable. Specifically, various UNCTAD meetings over the last few months have made it clear that discussion of concrete technical issues is capable of bringing differing views closer together than is possible by debate at an abstract, even if passionate, political level. Where progress has been made in setting up a Common Fund, easing the debt burden of the poorest countries or in the negotiations on an international rubber agreement and a code for technology transfers, then this progress has been possible because all the parties involved have been ready to compromise on major questions. We can say with satisfaction that this has made the North-South dialogue more down-to-earth. I would therefore on balance take a more optimistic view of developments in the last few months than is reflected in the Arusha Programme.

The fifth session of the Conference has the opportunity, then, of being a forum in which we can exchange views on issues affecting the next five to 10 years. We should include all the factors in the present world economic picture, and avoid grand-sounding resolutions which have to be pared down to their essential content in long and wearing follow-up sessions. Above all, we should concentrate in the coming weeks on topics where there is sufficient room for compromise on all sides and where there is a chance of reaching meaningful decisions. In this way we shall spare ourselves disappointment later. Let me add to this the hope that work outside the United Nations institutional framework will contribute towards success in our efforts. I am thinking particularly of the report of the Brandt Commission expected this autumn.

Permit me to make a few general remarks on the material issues to be considered at this Conference.

First of all, it is in the interest of all of us to help improve the strength of the developing countries' economies, integrate them more closely into the international division of labour and thus create better living conditions for the people in these countries. But in my view it would be wrong to believe that the efforts of the industrialized countries alone, essential as they may be, are the key to such improvement. The Conference should therefore be careful not to look at this point

only. Development assistance in the broadest sense of the word cannot be effective unless it is help for self-help.

We appreciate the efforts of many developing countries which are aimed at making possible forward-looking investment, bringing about reforms in the social field, improving the distribution of income and raising skills in the labour force. In my view these efforts and sacrifices are vital to the developing countries. However, we should not ignore the fact that many problems with which the developing countries are confronted and whose solution is important for the industrialized countries, too, present considerable difficulty to all concerned.

Developments with world-wide effects, such as inflation, the erosion of money values and the surge in oil prices play a major role here; they have caused an increasing deterioration of balances of payments. Another important point is the rapid growth of the population in the developing countries which jeopardizes or nullifies all efforts to improve the lot of the people. This is a major, probably even a crucial problem. I have no illusions about the difficulty of resolving it.

On the other hand, the present world economic situation deserves in our opinion—and this is an encouraging fact—a more positive verdict than was reached in the Arusha Programme. Of course, the position of many developing countries, and the poorest among them especially, is of undiminished seriousness; yet over the last three years the general economic climate has continued to improve. Growth has been picking up in many countries, and the balance-of-payments picture is more relaxed. Against this there is still a latent threat to recovery from the inflation persisting in many quarters and the unexpectedly large rise in oil prices not so long ago. The outlook remains uncertain.

The direction the world economy will eventually take depends on the myriad decisions taken daily round the world by the most varied decision-making bodies. It would be erroneous to think that these decisions, or even the most important among them, could be concentrated in some sort of global system of economic management which only needed to operate on a new set of principles of procedure and co-ordination to come up with the desired results. What is required instead is a constant awareness among all decision makers that they share responsibility for the world economy as a whole.

If we were to increase the flow of information and opinion, this would potentially strengthen that awareness of common responsibility. But it does not automatically mean we need new institutions. On the contrary, there are too many bodies at the moment dealing with too many issues, even the same issues, at the same time. The necessary separation of competences which would make for a rational division of work does not always seem to be guaranteed.

We should be cherishing an illusion if we believed that it would be easier to reach the goals we have so far failed to reach by setting up new institutions. It is much more important for us to agree on the approach to material solutions and on which these should be. We should concentrate more strongly in UNCTAD on the issues which

are of immediate importance rather than attempting to deal with the whole range of economic policy at the same time. This also means not depriving established and well-functioning institutions such as IMF and GATT of their full potential. On the contrary, protectionist pressures and the dangers threatening international monetary stability demand that the efficiency of these institutions be maintained.

The issues of common interest call for specific, concrete policies in each individual country for which each country carries the responsibility. It goes without saying that we do not want to interfere in the internal affairs of the developing countries. We have full respect for their sovereignty and this is true of the economic system they choose, too. This means that our contributions to developing countries are independent of value judgements. Development aid to us is a must in the context of international solidarity. For instance, it should not be granted in return for a certain political attitude.

But on the other hand, solidarity must not be a one-way street. Solidarity as I understand it means to stand by each other rather than to take a hard line when one's own ideas cannot be put into practice without a compromise. It is not very helpful, for instance, to voice politically unjustified accusations, as has been the case repeatedly in international forums. Criticism is legitimate and it is needed, and we are no more sensitive than other nations. But we will not accept criticism if it is incorrect in substance and, beyond that, is expressed in an offensive way. This does not make it any easier for us to win more understanding for development aid within my country and thus increase the willingness to make sacrifices. In a democracy—as in my country—it is the responsibility of Parliament to approve development aid, and of course at the expense of other items which themselves carry priority. This should be remembered when criticism is being levelled internationally.

To follow up this point, I should like to turn to the subject frequently at the forefront of discussions between the developing and industrial nations: I refer to ODA. Here, I freely admit, there are grounds for disappointment. For many countries, and the poorest in particular, it is the most important strand of support from the industrialized world. Many industrial countries have failed to reach the 0.7 per cent of GNP target for official aid, my own country included, although we have stepped up our aid spending year after year. There are doubtless a variety of reasons for this.

Yet we should not overlook the fact that export earnings and currency inflows as a result of private transfers are a much larger source of revenue than official aid can ever be. The foreign currency receipts from aid payments to developing countries roughly doubled between 1963 and 1976. But their export earnings went up eightfold over the same period. This implies that even if official aid were to be considerably increased in the next few years, it would still not even approximately attain the orders of magnitude which rising export earnings can achieve. If one looks at the total amount of financial transfers from the Federal Republic of Germany to the developing nations, it emerges in fact that they are

well over 1 per cent of GNP. This is due to a large extent to German private investment in these countries.

It is not my intention in making these remarks to detract from the importance of ODA. I know how vital it continues to be for many developing countries, above all the least developed. This is why my Government recently cancelled debts from capital aid loans to some of those countries, representing a sum of over DM 4 billion which now does not have to be repaid. We shall be pursuing this line logically by providing aid to them in principle only in the form of grants. The Cabinet in Bonn recently dealt in depth during 11 hours of deliberations with the question of how much our official aid can be increased in the years to come. We have a moral commitment to give aid. At the same time, we should not like to make a statement of intent without being certain we can fulfil it. My Government's concern is to follow a credible and soundly based policy. It feels it would be wrong to adopt a financial approach which might help to feed inflation and add unwarrantably to liquidity, offsetting in the end any gain from higher aid. The recipients have a right to payment in a currency that is not being eroded by inflation.

Our financing plans at present allow for increases in aid in 1980 of DM 500 million and in 1981 of an additional DM 480 million. The Cabinet, when it debates the whole of the national budget on 3 and 4 July this year, intends to take firm decisions on how far our official aid can be increased above the current medium-term plan. This means a considerable increase giving greater priority to development aid will mean cutting other politically important budget appropriations. I should like to add that the growth rate of our official aid spending is already faster than for the budget as a whole. Unfortunately this is not enough to reach the 0.7 per cent target. However, we are doing our best to come close to it. My Government will be continuing to ensure that its official aid is applied as efficiently as possible. As a point of principle this aid will remain untied, a feature which definitely enhances its quality.

I have already underlined the immense importance to the developing countries of transfers of resources. Other factors that are just as important are world trade, the fight against protectionism, the progress of structural change and private direct investment. It is understandable that the developing nations should wish to restructure the world economy and demand a larger share in industrial production and world trade. We are not merely prepared to accept this passively; we are willing to support it actively. But decreeing structural change from above would not be the right approach. It is primarily the job of the private sector to master the structural changes that are needed. The role of the State is in principle to encourage an ability and readiness to adjust by improving on the background conditions. Otherwise serious misdirection of resources is not to be ruled out. The multitude of economic data which determine the free trade and investment decisions which reinforce efficient structures and correct inefficient ones is more than can be handled by administrative technique. In terms of the world economy, the administrative approach would be no less questionable than attempting to shore up outdated patterns of activity by a policy of trade restriction and other types of intervention.

The main way to achieve this structural change lies in unhampered trade between nations. Developments in this field have been encouraging in the last few years. From 1970 to 1977, the imports of the 24 countries belonging to OECD from the third world went up by 385 per cent; OECD internal trade rose by only 201 per cent. This growth rate reflects in particular the rising imports of manufactures from developing countries. Studies by the World Bank show that the number of developing countries with an appreciable share in trade in manufactures has doubled in 10 years. At the same time, the structure of the developing countries' exports of finished goods to the OECD area has improved. Machinery, vehicles, electrical and electronic products have become more important compared with traditional exports such as textiles and leather goods.

Seen overall, this is a noteworthy development which demonstrates that developing countries are becoming increasingly competitive on the markets of the industrial nations. The Federal Republic of Germany has had a particular share in this growth. Before 1976, our country had sizeable surpluses in trade with the non-oil-exporting developing nations; but in the last three years imports from them have expanded at a rate above the average for overall trade, so that as a group these countries are now themselves in surplus. 1977 has been the peak year so far, with a volume of just under DM 3 billion.

Let me stress here that imports of manufactures and semi-manufactures are the most reliable indicator of how open a country is to the rest of the world. Competition is strongest in this field and demand is determined less by domestic factors than by the degree to which the market is open. In the last three years our imports of manufactured and semi-manufactured products from developing countries have steadily risen more rapidly than our total imports of these goods. Comparing *per capita* imports of this type from the third world, the Federal Republic of Germany comes second with \$84. The same applies to imports of textiles and clothing, where the figure of \$40 *per capita* also puts us second on the list. Encouragingly, our own textile exports have grown considerably in the past few years. This demonstrates that both sides benefit from trade expansion and that specialization between North and South is possible within a given sector. From this it follows that there is no reason to transfer whole industries from one part of the world to another.

These facts speak for themselves. They are certainly not a sufficient answer to the argument that protectionism still poses a threat to world trade. But they can help us to approach these problems without preconceptions and less emotionally in the next weeks. The market mechanism and free competition have served our country well in the past, in bad times as in good. In the long run, restrictions on trade and competition are self-defeating. It is not always easy in a democracy to stand up to the pressures for such measures; but we are determined not to waver in following this path and I believe the results of this policy have been convincing in practice. What we need now is a greater perception at the international level of the value of open markets and the danger of abuses of market power.



The efforts of the Western industrial nations in this respect will not of themselves be enough. The socialist countries of Eastern Europe and the developing nations must play their part too. The planned economy countries concentrate their foreign trade on relatively few third world partners; a not inconsiderable share of their exports also consists of military equipment. It is hard to see why this group of countries absorbed only 3.3 per cent of developing country exports in 1977 while the OECD States accounted for 71.4 per cent.

The official aid performance of the socialist countries regrettably also compares badly with what is being done by the West. The explanations given for this have never seemed to us convincing. This is not to deny that the Western industrial nations are not without fault in a number of fields. The Multifibre Arrangement is considered a classic example of protectionism. Nonetheless, a first analysis of the statistics shows that imports of textiles and clothing into the Federal Republic in 1977/78 are practically unchanged. However, even in its present form the Arrangement can be accepted only as a temporary expedient. It should not become a permanent feature of world trade. Its value lies in providing transitional relief so that Western textile industries can undertake a smooth structural adjustment.

The example of the textile industry, indeed, shows that our economy has been capable of considerable structural change. The number of plants fell by almost a quarter between 1970 and 1976 and the work-force by as much as a third. The picture in the clothing industry has been similar. In the process we have seen that structural change brings social hardships and financial burdens; at the domestic political level, solemn speech-making alone is no remedy. I repeat: we are prepared to shoulder the social and financial burdens. This means, of course, that the jobs lost have to be replaced by new ones. Sudden, sharp changes are in no one's interest. And in avoiding them we cannot ask the developing countries to bear the consequences.

The crisis measures recently taken by EEC in the steel sector primarily affect other industrial countries. Only in a few cases is there an impact on developing nations. We only agreed reluctantly to these measures, from which you will gather that we too have our internal problems of solidarity. They arise from the fact that the economy is not running equally well in all industrial countries. The steel measures are a contribution to political stability from which surely we all benefit. Yet they too can only be short-term, to provide some external security during a period of adjustment.

The rejection of protectionism has been an essential element in the outcome of the multilateral trade negotiations which have just finished within the framework of GATT. This is in itself a signal in the trade context. The final package deals a decisive blow to protectionism and at the same time represents a substantial advance in liberalizing world trade. At a difficult time for the international economy, the overall result has been satisfactory on both tariffs and non-tariff barriers. The codes of conduct and the new consultation machinery—assuming they are actively used by all trading partners—not only bring major improvements in the conditions under which trade takes place; they

can also be the seed for more intense co-operation in dealing with necessary structural change. It would be wrong to criticize these results prematurely and dismiss them as a mediocre compromise.

The Tokyo Declaration of 1973 affirmed the intention to give preferential treatment to the developing countries. We stand fully behind this Declaration. If, in the course of the Geneva negotiations, this objective has been relegated to the background at times, it has been because it was first necessary to work out the MFN arrangements. It is only logical to sketch the outline of a general framework before detailed talks can be conducted on the exceptions to be made for the developing nations. In respect of tropical products, the negotiations produced early results. EEC has introduced concessions for developing countries which affect a trade volume of some 1.9 billion European units of account. In the case of tariffs, the developing countries will benefit from the substantial cuts by the industrial nations without being themselves committed to reciprocal concessions. At the same time, we expect developing countries which are already highly competitive in specific fields and even have trade surpluses with particular industrial or developing country partners to open their markets by an appropriate amount. The anti-protectionist cause is not one for the industrial nations alone.

Where questions have remained open in the GATT negotiations, we seek to reach a fair reconciliation of the interests of all parties concerned. This is true in particular of the safeguards clause, which has been criticized especially by the developing countries because of the problem of its selective application. We have not sought an easy way out of this problem, and that is why no final arrangement has been made yet. As a member of EEC we advocate an unambiguous formulation of article XIX of the General Agreement on Tariffs and Trade; nonetheless, we see the political arguments for a selective safeguards clause after carefully weighing the pros and cons. But the necessary precautionary action, that is, an efficient control and consultation mechanism, must be provided for. This is the only way of preventing misuse of the clause, which the developing countries anticipate, and at the same time of taking account of undeniable protective needs. Unless the developing countries take part in the negotiations to revise the clause, stricter discipline in world trade in our common interest will not be guaranteed.

This brings me back to the problem of protectionism. Protectionism is detrimental from various points of view: it is self-defeating because it leads to inappropriate policies from the very beginning; the threat of protectionism alone can produce obstacles to investment. Although it may bring relief to some extent to domestic industries, it gives only a short breathing space, concealing long-term damage to the economy of the country concerned as well as hampering the necessary structural adjustment; in the final analysis, protectionism neither helps to save nor does it create jobs. Moreover, it impairs the economic development of a country because other trading partners will not fail to react to protectionist measures and consequently foreign exchange earnings from exports will be reduced.



The results of the GATT negotiations as a whole should sustain and encourage positive developments in the world economy. Therefore my Government appeals to the developing countries to identify themselves with these results and to do so with their signature in Geneva, especially since they guarantee a number of preferential advantages to the developing countries. This applies above all to the various codes and the "enabling clause" which expressly permits different levels of preferential treatment.

The particular importance of such treatment to developing countries has repeatedly been manifest in the tariff preferences the industrialized countries have granted. The value of imports by the OECD member States under this regime rose from \$1 billion in 1972 to \$11.4 billion in 1977. By 1977, a quarter of dutiable imports into countries operating the scheme were covered, and a further quarter would have been eligible for this treatment. This shows that the preference scheme is not being fully utilized: the less export-oriented developing countries especially need to be better informed about the scope available. Trade promotion should be directed towards more comprehensive awareness of export opportunities. In this context, I should like to mention the fruitful work being done by ITC.

At this point let me say a word on monetary policy. All of us, industrial and developing countries alike, are equally dependent in the context of international trade on a well functioning international monetary system. Moreover, stable monetary relations may help to avoid disturbances between individual countries. For this reason we welcome the fact that article 4 of the IMF Articles of Agreement in its revised version provides for monitoring the exchange rate policies of the participating countries within IMF more closely.

What is the use of lower tariffs if they are made ineffective through shifts in the relative values of currencies? Of course, the countries with important currencies have a major share of responsibility to bear. We are prepared to accept this responsibility and to contribute our full share to the monitoring of exchange rates as well as to accept the results. In this context I would like to point out especially that we welcome the energetic measures taken by the United States of America to stabilize the dollar. Stable international exchange rate relations are in the interests of all of us, not least because they are the basis of a smoothly functioning capital market. This in turn helps to direct an adequate flow of capital to developing countries. As a whole it is therefore important for IMF to be maintained as a competent guardian of the international monetary system and if possible to strengthen it.

An integral part of an international economic order based on market-economy principles is unquestionably the free movement of international capital and consequently the possibility of effecting investment abroad. Foreign direct investment on balance steps up economic flows between countries. Hence private direct investment plays a leading role above all in integrating the developing countries into the world economy. All private investment represents long-term capital for developing countries; it is accompanied by the transfer of technical and managerial know-how; it encourages

the diversification of economic patterns; it increases the host country's strength in the field of exports and helps to improve living conditions lastingly through better working and training opportunities. We do not see foreign direct investment as exporting jobs, and encouragingly the trade unions largely share our view. It is a unique advantage of private investment that the entrepreneur will spare no effort or initiative to make his project a commercial success. This is a strong motive from which some developing countries, too, have benefited as experience has shown.

There is an absolutely necessary precondition for private enterprise capital and technologies to be exported, which a growing number of developing countries obviously are interested in, namely, a good investment climate. This means that, in the final analysis, it is for the developing nations alone to decide whether and to what extent their countries will attract private investment. Investment decisions have been and always will be independent decisions of private enterprise and not of my Government. We can only provide incentives for investment in developing countries, especially tax incentives and guarantees. We will help to eliminate the developing countries' concerns as regards foreign investment. We are taking part actively in the attempt to make the activities of transnational companies more transparent and to lay down clear rules of conduct for these companies' activities as well as for the home and host countries of the entrepreneurs wanting to effect investments.

We welcome the various proposals made with the aim of intensifying ECDC, especially closer co-operation at regional and subregional levels. These proposals underline the willingness of the developing countries to assume their direct share of responsibility as well as the idea of the more advanced countries carrying part of the responsibility for the weaker and less developed countries. This must of course not result in fencing the developing countries off from other groups, especially since it is no substitute for North-South co-operation. In this context, let me say how much I welcome the fact that trade among the developing countries has expanded considerably in the last few years. This is important for two reasons. In the first place, it means that broad-based export industries are being built up in these countries which are able to compete on the markets in industrial nations. Second, the ability of the developing countries to market their own products is improving. When exporting to other developing nations they often have to create new markets, markets they usually find already in existence in the industrialized world. This calls for dedication and imagination as well as expertise. And this is the only way dynamic, independent economic activity can take root. The mutual dependence of growth and trade is a tremendous help: trade brings growth and more growth more trade.

In this connection, too, I want to mention the need for more training in developing countries. Most of them require massive development of their scientific and technical infrastructure if technology is to be applied rationally and improved upon. This in turn can accelerate the process of more independence from the Northern hemisphere. The industrial countries must

step up their contribution. My country is willing to do so.

I have two final points. First, on several occasions, my Government has suggested instituting a system of generalized and world-wide stabilization for commodity earnings. We have submitted a model for such a system to the Joint Development Committee of IMF and the World Bank. We remain convinced that a model along these lines would be the most effective solution to the central difficulties of the developing nations in the raw materials sector. We intend therefore to pursue our concept with all due emphasis. Second, together with the other Group B countries, we accepted in March this year the decision on the principle of setting up a Common Fund. We welcome this agreement as an important step within the North-South dialogue. We shall also be joining constructively in the work of the Interim Committee so that a text of agreement acceptable to all sides can be adopted as soon as possible.

Our approval of the agreement already reached also means that we will fulfil our financial obligations towards the Fund. Furthermore, we are ready to make an appropriate voluntary contribution to the second window. This is on the assumption in both cases that the talks on the final text arrive at a satisfactory conclusion

and that other potential donor countries are also prepared to contribute their share.

I have tried to look at and look into the many and varied relationships between the industrial and the developing nations. I have done so in a spirit of frankness because I believe no one is helped by passing over the less pleasant realities we face.

Let me state quite clearly: the Federal Republic of Germany stands by its responsibility towards supporting the developing countries in their difficult way ahead. As far as it is able, it will contribute not only financially but also by opening its market and pursuing a responsible economic policy that takes other countries' interests into account. It believes in the value of mutual confidence and co-operation.

My delegation will be taking a constructive part in this Conference. Our contributions will be guided by the consideration of whether proposals will improve the conditions for world economic activity and whether they help in a practical way to reduce the North-South disparity. We reaffirm our common goal, which is to maintain a prospering world economy as the foundation for higher living standards in the third world, and we shall continue to pursue this goal with determination and dedication.

**Statement made at the 155th plenary meeting, on 11 May 1979,  
by Colonel K. A. Quarshie, Commissioner for Trade and Tourism of Ghana**

I should like, first of all, to extend to you, Mr. President, my warm congratulations on your highly deserved election to conduct the business of this fifth session of our Conference. If the First Lady of the Philippines and the Governor of Metro Manila were unable to fill this post, it is difficult to think of a more suitable replacement than yourself. Your distinguished career, spanning many fields and many years, has been the just subject of many glowing tributes. I need not go into detail here. As my distinguished colleague from Cuba, proposing your nomination on behalf of the Group of 77, put it, "there is nothing to add about your fame which the international community does not already know". Suffice it therefore for me to say simply that my delegation is completely happy with your election and I pledge to you our support and co-operation.

Let me also express the profound gratitude of my delegation to our distinguished host and hostess, President Ferdinand Marcos and the First Lady, Imelda Marcos, and to the Government and people of the Philippines, for the friendly and generous hospitality which has been evident in all the facilities placed at our disposal since we set foot on your soil.

Since the Manila Declaration served as a prelude to the fourth session of the United Nations Conference on Trade and Development, allow me to commence my address with a brief reflection on some of the issues dealt with at the Manila meeting in 1976 and at the fourth session of the Conference, at Nairobi.

Three years ago, in Nairobi, our major preoccupation was the Integrated Programme for Commodities, with the establishment of the Common Fund as its key element. We succeeded at the eleventh hour in adopting resolution 93 (IV). The Group of 77 felt, at the time, that this subject was of fundamental importance.

At just about this same period, the oil crisis had made it necessary to establish a North-South dialogue in Paris, in the forum of the Conference on International Economic Co-operation. We thought a genuine effort was in hand, however temporary that might be, to supplement the global effort in resolving some of the burning issues in the field of energy, raw materials and trade, finance and other developmental issues. That dialogue and the endeavour it represented ended in deadlock basically because the deep crisis, whose causes and repercussions were global and structural, could not be resolved in such a limited forum.

Since then, the symptoms of the underlying stress to the world economy have persisted. We have continued to witness international exchange rate disequilibrium, balance of payments crisis, escalation of international indebtedness, and lately the incidence of protectionism in the area of world trade.

A number of important meetings have taken place since the fourth session of the Conference, but in the view of my delegation, although the basic issues are now well known, their proper solutions are still being neglected. However, the fact that we are now meeting in

Manila, after the shortest interval between these sessions, is among other things a recognition of the seriousness with which all major institutions are obliged to take stock of their successes and failures. We are also to ponder over the challenges in the 1980s and the International Development Strategy for the Third United Nations Development Decade envisaged to meet such challenges.

I believe that the agenda of this Conference and the annotations to it demonstrate to us the scope of the issues confronting us. I shall therefore crave your indulgence to explain to this assembly the position of my delegation on some of the substantive items on our agenda. For the theme of the fifth session of the Conference is not only that of a collective self-reliance of developing countries, but also of a herald to the 1980s as an era of collective decision-making of the international community as a whole.

The novelty of item 8 of the agenda underscores the significance of this Conference, coming as it does at the crossroads of two development decades, and this at a time when the concept of the restructuring of the world economy has gained universal recognition.

In the opinion of the Ghanaian delegation, there are three basic elements envisaged in the formulation of item 8: first, structural changes in the management of the world economy in a manner that merits universal confidence; secondly, participation of the international community as a whole in the evolution of the new international economic order; thirdly, rules and principles which are necessary to underpin the appropriate institutional mechanisms to buttress the new order.

I have already mentioned the inadequacy of limited forums for resolving global structural problems. It is the view of my delegation that, if greater participation had been allowed in the past in the management and decision-making processes of the world economy, based on a feedback from the international community as a whole, the structural maladjustments we observe today would have been largely averted. At least the position would have reflected the mutual responsibility of all interested parties and the institutional mechanisms relating to contemporary economic issues would have been suitably and adequately streamlined.

Against this unhappy background, relevant proposals and recommendations have been thoughtfully considered by the Group of 77 in the Arusha Programme, which spells out some of the major elements necessary to guide the establishment of the new international economic order.

One of the guidelines which we had all thought would contribute meaningfully to the new international economic order was the Tokyo Declaration which was announced to the world in September 1973. It is a sad reflection, however, that the high hopes and euphoria generated at Tokyo were so quickly shattered, even before the negotiations got off the ground.

As many are aware, for the purposes of the multilateral trade negotiations, the Tokyo Declaration identified three categories of trading partners. The first were the developed countries, whose bargaining would be totally based on most-favoured-nation principles.

The second were the developing countries, whose participation in the negotiations was based on the principle of non-reciprocity in commitments made to them by the developed countries with the aim of increasing their export earnings to promote their economic development. The third were the least developed among the developing countries, with particular problems that have been recognized, with stress on ensuring that these countries received special treatment in the context of the measures in favour of the developing countries as a whole. To developing countries, an acid test of the success or failure of the negotiations is whether or not, as provided for in paragraphs 5 and 6 of the Tokyo Declaration, the interests of developing countries in general and those of the least developed of the developing countries in particular have been met in the course of the negotiations. The insistence of some developed countries on reciprocity, the stringent conditions that were attached to some of the offers in the negotiations, and the total exclusion of developing countries from a number of decision-making processes during the negotiations, all left the unmistakable impression that it would have been better for developing countries not to have had any great expectations about concrete benefits accruing from the negotiations.

To compound matters, at the time when these negotiations were taking place, the developed countries resorted to an avalanche of protectionist measures. The pity of it all was that this tendency was most pronounced in areas where developing countries had gained or were in the process of gaining obvious comparative advantage over the developed countries.

The attempts made to justify some of the protectionist measures have been motivated by political considerations. Often these measures have been applied without due recognition of the injury they cause to developing countries. Even where they are applied on the basis of alleged economic factors, the disregard for their global implications, especially their impact on developing countries, hardly takes into account the need for sectoral adjustments that should, in the long run, result in appropriate and advantageous structural changes in the world economy.

We are of the view that the developed countries should undertake sectoral adjustment assistance measures and processes as part of the restructuring of the world economy. It might be a slow process with sizeable financial implications, but the resources thus involved are the inevitable price we have to pay in order to resuscitate the world economy and steer it along mutually interdependent growth paths that would improve the standard of living and protect the dignity of all peoples, especially those of the developing countries.

The Integrated Programme for Commodities has made very uncertain progress since its inauguration in Nairobi. But considering the thorough and heart-searching effort that gave birth to that Programme and still justifies its validity, the Programme remains a major and necessary venture which deserves the whole-hearted support of us all.

Judging from the results of the Third Negotiating Conference on the Common Fund, it would appear that international confidence in the Common Fund has been

established. Regrettably, very many reservations have been made to the consensus text so far obtained. I hope it is not yet too late to work out a basis for a much wider support.

Since the Common Fund is to serve as a key instrument in the Integrated Programme for Commodities, particularly in the stabilization of the commodity markets, we should be conscious of the long-term political and economic implications. If there is to be any political significance to the Common Fund, then it should be identified with the greater number of developing countries whose commodity-based economies should benefit from it. This applies even more significantly to the functioning of the second window and its replenishment mechanisms. In turn, if international backing for the second window is sufficiently strengthened, the role of international commodity agreements would be guaranteed and greatly facilitated.

In view of the role envisaged for the Common Fund in the Integrated Programme for Commodities, importance and urgency should be the keynote of the preparatory meetings for the Programme. Judging from the trend of developments so far, and as suggested by the reports of the Intergovernmental *Ad Hoc* Committee on the Integrated Programme for Commodities, the majority of commodities envisaged in the Programme may not be able to benefit from even the buffer-stocking facility of the Fund.

I need hardly stress the significance of these points, and no doubt the Conference will examine all the misgivings about the present stage of the implementation of the Programme in general with a view to generating the necessary impetus that would enable the Interim Committee to perform its functions successfully and thus open the way finally to the establishment of a workable Common Fund.

The question of manufactures is one to which developing countries attach a lot of importance. The argument in its most simplified version is that we have exported raw materials to the developed countries from time immemorial. In exchange, we have been importing finished products from our raw materials. Whereas we have sold these raw materials at relatively low prices, we have had no control over pricing policies for imported manufactures. The time has certainly come for this trend to halt.

A number of resolutions both within the framework of UNCTAD and other United Nations bodies, notably UNIDO, have supported our position.

We find it necessary to reiterate our position simply because the developed countries continue to refuse to release the appropriate technology to us, and refuse to remove barriers which affect our manufactured and semi-manufactured exports to their markets. As I have just noted, the wave of protectionism in world trade today is the worst since the Second World War. In the circumstances, developing countries can draw only one conclusion, and it is that the developed countries have firmly committed themselves to the *status quo*.

The arguments that my delegation put forward at Nairobi in 1976 are still valid, and it wishes to reiterate that the international community should do everything

possible to help the developing countries to diversify their economies, initially in a vertical direction. Such diversification should be accompanied by free access to the markets of the developed countries. It is in this regard that my delegation has been most disappointed with the results achieved so far in the Tokyo Round.

The GSP continues to be applied unsatisfactorily, and in some cases the effect of the application of the GSP has been to perpetuate existing commercial exchanges between the rich North and the poor South.

So far, all the technical studies that have been conducted by such reputable bodies as UNCTAD, UNIDO, GATT and OECD have indicated that the liberalization of world trade in both manufactures and commodities can have positive results for both the rich countries and the poor countries; in the face of these facts, which are known to the entire international community, it is very difficult to understand why some countries in the North are so much against the necessary changes in the present international market for manufactures.

As regards international monetary and financial issues, we believe that the restructuring of the world economy cannot be meaningful without a corresponding restructuring of the monetary and financial system. The international monetary system and international financial flows should thus be a major focus of the fifth session of the Conference, so that agreement can be reached on the consistency of financial flows that will ensure attainment of unanimously agreed development targets. Should the fifth session succeed in agreeing on a balanced set of complementary measures which are consistent with and supportive of the targets and objectives for the International Development Strategy for the Third United Nations Development Decade, then the international community would justifiably feel proud of bringing the world to the threshold of the new international economic order.

My delegation has come to Manila to help find an organizational framework to tackle the major issues of the balance-of-payment deficits of the developing countries and of the inadequate facilities for easing the adjustment process in these countries. The problem of stagnation in the flow of ODA and of debt accumulation by the less developed countries must be examined with a view to finding long-term solutions to some of the most pressing development problems facing the least developed countries.

The need for fundamental changes in the international monetary system has long been acknowledged by the world community. However, whatever changes have taken place fall short of the requirements for the smooth functioning of the adjustment process in developing countries.

For example, the effectiveness of the mechanism for international adjustment has been weakened considerably by a lack of flexibility in the application of conditionality attached to the use of the resources of IMF. More flexibility regarding the conditions governing the use of Fund resources will encourage greater resources to the Fund for balance-of-payments support, and greater utilization of its resources, including the resources in the upper credit tranches. The Fund should

also review the operation of SDRs so as to permit wider use of the facility consistent with need to promote it as the major international asset. Measures should be taken to abrogate the reconstitution requirement attached to the use of SDRs.

As regards the issue of the volume, terms and conditions of ODA, much can be achieved in the area of resource flows to developing countries if some key donor countries will at least endeavour to increase the ratio of their aid to their GNP.

A few countries which are among the richest in the world have in recent years allowed their ODA/GNP ratios to decline, resulting in a substantial shortfall in the amount of aid flows to needy developing countries. These countries should endeavour to achieve the United Nations target of 0.7 per cent. The preference of some donors for project assistance rather than programme assistance slows down the development planning process and undercuts, in real terms, the value of resource transfers when made available.

One way to increase official aid to the developing countries is through a substantial increase in the capital of the international financial institutions. This will permit these institutions to increase their operations in a manner that will bring greater benefits to the less developed countries. A substantial increase in international development aid resources is needed so as to increase concessional resource flows to the world's poorest countries. There is also a need for the prompt establishment of the Common Fund of the Integrated Programme for Commodities, and for a reform of the IMF compensatory and buffer stock facilities.

The stagnation of ODA has, perhaps by design, facilitated the escalation of private and commercial bank lending to the extent of reversing its ratio to ODA, which used to be in favour of ODA targets. If developing countries are to free themselves from the obvious stress of accumulated debt service payments then (at least in the case of poorer developing countries) a cut-off formula demarcating the acceptable volume of private bank lending vis-à-vis ODA should be found.

For all these reasons and others, it is the view of my delegation that measures to be taken to reform the international monetary system, if they are to be effective, must keep in mind the long-term character of the development objectives of the developing countries.

I believe this Conference will review the retroactive terms of adjustment that developed donor countries are taking in pursuance of section A of resolution 165 (S-IX) of the Trade and Development Board. Since that was the first resolution of the first Ministerial Meeting of the Board, it is most appropriate that all expectations should be fulfilled. Moreover, the coverage of the relief measures has not been extended to all the developing countries envisaged in the resolution. It would therefore be the duty of all the creditor countries involved to examine in detail the modalities they have used in the debt relief measures they have taken, as well as those yet to be taken.

On the item of technology, one point above all must be made crystal clear to begin with: that, in spite of the costs and various hazards associated with it,

technological mastery is absolutely essential for those socio-economic transformations that the developing countries are now determined to achieve. In the context of development, technology shares with money and finance the intriguing dualism of being both a commodity and an all-pervading instrument, and it is especially in its role as an instrument that technology can create further great wealth and power. This is why it is now recognized that the development gap is largely a technology gap.

Ghana is fully conscious of this powerful and unique role of technology in the development process, and is therefore firmly of the view that everything feasible should be done on the one hand to grant the developing countries the greatest possible access to modern science and technology and, on the other hand, to promote and enhance their capacity to absorb, utilize and improve acquired technology and make a vital indigenous contribution to the global store of science and technology.

The Nairobi Conference adopted major instruments which correctly identified the areas where substantial progress must be made if the developing countries are to achieve maximum benefits from the twin processes of transfer and capability development. The central point in this Nairobi programme was the call for a United Nations negotiating conference on a code of conduct on the transfer of technology. The code, if adopted, would greatly liberalize and equalize the legal and commercial framework in which the transfer of technology transactions have hitherto operated to the enormous disadvantage of developing countries. As is now well known, in spite of a long and thorough technical preparatory phase, two sessions of the negotiating Conference have failed already. It is our sad conviction that, as in similar exercises to fashion specific major planks for a new international economic order, the core problem with the Conference on the code is not technical but political. Without going into details, the Ghanaian delegation wishes to appeal for that level and quality of political will necessary for the successful conclusion of the Conference leading to adoption of the code.

Touching briefly on the other aspects of the technology item, the Ghanaian delegation notes with some satisfaction that, in the area of industrial property rights, where the legal framework also needs realignment, the principle of balanced interests is now becoming universally recognized as between holders of those rights and those who acquire or protect such rights.

But the ultimate goal in this technology debate is that developing countries should completely assimilate the technological culture both as acquirers and as originators. For this reason, the Ghanaian delegation attaches maximum importance to action-oriented facilities like the Advisory Service on Transfer of Technology of UNCTAD in its programme of assistance to developing countries in, *inter alia*, establishing national, regional or sectoral centres. For the same reason, the Ghanaian delegation wishes to emphasize the need for technological projects within the context of ECDC.

I now turn, briefly, to the subject of shipping, and note that the developing countries have for a long time

been pressing for greater participation in the world shipping industry on the ground that they generate a high proportion of cargo tonnage and that they supply a considerable amount of shipboard labour.

In April 1974, a Code of Conduct for Liner Conferences was adopted to give formal recognition to the need for liner shipping to be regulated by an international code. Regrettably, the Code, which contains specific provisions on the participation of developing countries in liner shipping, has not yet come into force. It has been ratified by only a few States. In particular, the developed market-economy countries which own the majority of world tonnage have not ratified the Code. Let me appeal to States which have not yet ratified the Code to come out and declare their position.

While the issues of adequate cargo sharing, control of freight rates and surcharges, financing of ship acquisition and shipbuilding and port development remain unresolved, we observe an element of protectionism in the governmentally controlled cargo sharing policies of the developed countries against the opportunities open to the developing countries. Moreover, discriminatory freight rate regimes still persist against commodities traded by the developing countries. These are indeed factors that call for corrective measures and action.

On another aspect of the item, I wish to mention that some technical assistance and training in the shipping industry has taken place through seminars sponsored by UNCTAD and UNDP. While we are grateful to these agencies, we realize that the resources at their disposal have not made it possible to expand this scheme in an adequate and systematic fashion.

I also take this opportunity to express my delegation's appreciation of the useful work done by the Intergovernmental Preparatory Group which was established by the Trade and Development Board six years ago to elaborate a preliminary draft to a convention on international multimodal transport. The Group, at its last session held in Geneva early this year, decided to request the Secretary-General of UNCTAD, through the Trade and Development Board, to make the necessary arrangements for the convening in November of this year of a conference of plenipotentiaries to finalize the draft convention concluded at the session. The draft convention, which is in seven parts, grapples with many issues, such as liability of the multimodal transport operator, and claims and action. The success achieved by the Group could be attributed largely to the remarkable spirit of solidarity and the flexibility shown by the developing countries, and I wish to appeal to my colleagues from the developed market economy countries, as well as from the socialist countries of Eastern Europe, to reciprocate by demonstrating the same spirit of flexibility at the November meeting. The draft convention seeks to take care to the apprehensions of all parties, and I sincerely hope that the November meeting will resolve the outstanding issues.

It is sad to note that the Intergovernmental Group on Container Standards for International Multimodal Transport established by the Board to elaborate a recommendation on the practicability and desirability of eventually drawing up an international agreement on container standards could not complete its work. As

usual, this issue will be placed before the Conference, and it is my hope that a solution satisfactory to all parties will be found.

The fact that issues relating to the least developed and those concerning land-locked and island developing countries are to be dealt with in the same Negotiating Group of this Conference is evidence of the similarities and interrelationships of the concerns of these categories of developing countries. The grave and urgent nature of their problems compels my delegation to support all the proposals concerning these categories of countries, especially in the overall context of economic co-operation among the developing countries. Therefore, the resources of both developed and developing countries, in terms of financial support and technical assistance, whether in the form of expertise or investment in infrastructure, industry, tourism and training, should be husbanded to fulfil a crash programme for the benefit of these especially disadvantaged developing countries, particularly in the priority areas spelt out in the Arusha Programme for Collective Self-Reliance.

Turning now to trade relations among countries having different economic and social systems, let me remark first that I believe that the co-ordination by UNCTAD of these trade relations underscores the trade opportunities existing between the centrally planned economies of Eastern Europe and the developing countries of the Group of 77. Unfortunately, this is one of the areas least considered in the gamut of UNCTAD activities.

My delegation is convinced that the Eastern European countries constitute potential export markets for the products of developing countries and that the international community should probe the constraints that impede a steady growth in the volume of trade between the Eastern European side and the majority of the developing countries. In this regard, the Ghanaian delegation supports the measures proposed by the Group of 77 in the Arusha Programme, including expansion and improvement of preference schemes, payments arrangements, establishment of joint ventures, and institutional matters.

My delegation has observed that no progress has been made in this area on institutional matters since the adoption of the Nairobi resolution setting out the work of the Intergovernmental Group of Experts on Trade Opportunities, as well as of the Intergovernmental Group of Experts to Study a Multilateral System of Payments. Without sufficient transparency of the instruments required in the institutional processes to foster trade relations and create a multilateral system of payments, only very limited success at best can be achieved here.

Other aspects of these relations leave much to be desired; for example, investment opportunities in the developing countries have not been explored to the optimum by the resources available in the socialist countries of Eastern Europe. These countries are also among those that trail behind the 0.7 per cent target for ODA established by the International Development Strategy of the United Nations; a considerable improvement is also required in their scheme of generalized trade



preferences, while non-tariff barriers still persist in CMEA payments arrangements.

On the other hand, I acknowledge with gratitude the technical assistance and training facilities that some Eastern European countries have made available to my country. All that we urge is that available opportunities for the expansion and improvement of our trade and economic relations should be utilized to our mutual benefit.

The establishment of a new international economic order would be tantamount to empty rhetoric if the structural changes called for did not also encompass action to promote co-operation among the developing countries, based on the concept of collective self-reliance, with a view not only to strengthening their bargaining power but also to augmenting their trade and other relationships with one another.

But the need for co-operation has been felt more acutely by the developing countries themselves, and since 1973 they have spared no effort in calling for the implementation of the measures of support advocated in various world forums. It was in the light of this preoccupation that the Ghanaian delegation welcomed not only of the Conference resolution 90 (IV), section II, paragraph 3 *b* of which calls for the establishment of a Committee on ECDC, but also wholeheartedly welcomed Trade and Development Board decision 142 (XVI) by which the Committee was established.

My delegation would at this stage like to draw attention to the Committee's resolution 1 (I), which provided guidelines for the UNCTAD work programme on economic co-operation. Subsequently, at the eighteenth session of the Trade and Development Board, the Ghanaian delegation supported the proposals of the Group of 77 contained in draft resolution TD/B (XVIII)/SC.1/L.6, which sought to translate into reality some of the support programmes necessary for ECDC.

It is regrettable, however, that the Board failed to approve the series of meetings proposed by the Group of 77, although provision had been made in the UNCTAD timetable to accommodate such meetings. Equally regrettable was the failure of the Committee to agree on this same matter, which had been referred to it by the Board.

The impasse caused by the failure of the Board and the Committee to adopt measures on ECDC raises a fundamental issue, namely, whether certain groups of countries should be allowed to pursue policies which, by all criteria, verge on paternalism in the United Nations system. It is the contention of this delegation that, since the experiences of developing countries are not necessarily those of developed countries, the former must feel free to adopt measures deemed essential to foster co-operation among themselves.

It is my delegation's hope that this Conference will give due attention to the matter and adopt concrete measures aimed at translating agreed commitments on ECDC into reality within the general context of restructuring the world economy. In particular, these measures should support appropriate institutional mechanisms as

an option for the Group of 77, and in addition provide support for the necessary mechanism within UNCTAD itself, supplemented by other United Nations organs.

A co-ordinating framework of ECDC might thus revolve round UNCTAD, especially as a centre for the evaluation of projects and their execution in a manner that makes complementary, rather than duplicatory, the role of developing countries in international economic co-operation.

The question of institutional issues cannot be successfully debated without due regard to the concept of participation in the decision-making process, because issues on which little or no progress has been made are those which are dealt with in limited forums as well as those with inadequate institutional facilities. The Ghanaian delegation has in particular observed a number of constraints on the activities of UNCTAD, as well as external constraints on the institutional development of the Group of 77. I shall first refer briefly to UNCTAD.

Within this Conference the pertinent question to ask is how we see UNCTAD. In brief, the scope of UNCTAD has been defined in the Arusha Programme, in a manner that is self-explanatory.

The brief comment of the Ghanaian delegation is that the resources made available to UNCTAD are not adequate to enable it effectively to carry out responsibilities as the forum for international economic negotiations on trade and development issues. Little wonder then that the Integrated Programme for Commodities, for instance, has made poor progress on the preparatory meetings. Not only are the resources of UNCTAD inadequate, but its very status and autonomy within the vast resources available to the United Nations are given low recognition, inconsistent with its expanding tasks. UNCTAD is playing a very fundamental role in world developmental issues, and we should provide it with the necessary facilities to do its work well.

In the same manner, when it comes to issues on ECDC to enable the Group of 77 to organize an effective framework for the promotion of the trade and development objectives of the third world, what do we see? Group B denies us the necessary political support. We are also denied the necessary goodwill and financial support. Hence it is very much regretted that the Committee on Economic Co-operation established in pursuance of Conference resolution 90 (IV) is the only committee where so little progress has been made. I hope the reasons are not because of any design to divide the Group of 77, slow down its progress and tactfully make it ineffective.

As was to be expected, the Group of 77 has, within its Arusha Programme for Collective Self-reliance, elaborated blueprints for action, reflecting the Group's thinking and examination of the subject since the formal launching of the Programme in 1976. It is my delegation's firm hope that the Conference will give our Arusha proposals thorough and responsive treatment.

And it is on that note of our concept of collective self-reliance that I wish to end. We know full well that it is in our own right hand that our ultimate salvation lies. But we also know that in this global system each individual



member derives nourishment and support from the wealth and stability of the collective whole. This applies to the developed countries no less than to the developing countries. Our programme of collective self-reliance thus reinforces what we have earlier described as the theme of the fifth session of the Conference namely, global co-operation and interdependence. But what

meaning and relevance has all this for our peoples at home, our peoples on the farms, in the factories, in the market places? None—unless and until these big, elaborate and very expensive gatherings lead to conviction and action. It is the wish of us all, and let us hope it will be the endeavour of us all, to make our peoples too remember the Manila session with pride and relief.

**Statement made at the 156th plenary meeting, on 11 May 1979, by  
Mr. Stavros Dimas, Secretary of State for Economic Co-ordination of Greece**

I would like to express my deep appreciation to President Marcos and the people of the Philippines for the warm welcome and the hospitality that they have extended to us. I would also like to congratulate the UNCTAD secretariat on the excellent preparation and organization of this Conference.

The fifth session of the United Nations Conference on Trade and Development takes place as the end of the Second United Nations Development Decade is approaching and as the stage is set for a new international development strategy.

The experience of this decade and the assessment of progress made in the establishment of a new international economic order show that the results have fallen short of expectations. Although substantial progress has been made in many areas, it is obvious that disparities of wealth among the nations of the world have not been eliminated and the gap between rich and poor has not narrowed.

Developed and developing countries have now recognized that their economies complement one another and that there is no contradiction between the dynamic character of interdependence and the self-reliance of the developing countries. Furthermore, the serious constraints of the current international economic situation stress the need for more concerted action in favour of a balanced and more equitable world-wide economic growth, and also a more substantial advance of the developing countries.

We look at the present Conference as being very important in the continuing dialogue between developed and developing countries and as an appropriate forum for real progress towards international agreement on the major North-South issues.

We would like now to refer briefly to some of the main topics of the agenda which are of particular significance to international economic co-operation, and to underline the importance of the various negotiations within UNCTAD.

With respect to the growing interdependence of countries in the field of money, trade and development, in the context of an evolving and changing international economy, the discussions in Negotiating Group I of this Conference will provide a good opportunity for an examination of this matter. This is of particular significance because, as pointed out by the Secretary-General, it deals precisely with the basic issues relating, *inter alia*, to the need for structural changes in the Inter-

national Development Strategy for the 1980s. Governments have to move towards the development of collective policies in areas of common interest, and in this respect it is necessary to have a long-range approach.

In the field of commodities, it was widely recognized in Nairobi that the traditional approach to international commodity issues had proved inadequate to deal with the main problems of the world commodity economy. Attempts to regulate commodity markets through international agreements had met with very limited success and only for relatively few commodities. The world economy remained and continues to be unprotected against the consequences of sudden and substantial shifts in the balance of supply and demand in major commodity markets. Nor has the traditional approach provided for developing countries the assurance of an adequate level of growth of foreign exchange earnings for their primary commodities. For these reasons the Conference, at its fourth session, unanimously adopted a historic resolution providing, *inter alia*, for the establishment of a Common Fund to assure the stabilization of the export earnings of the producer developing countries. Appropriate mechanisms are expected to be adopted so as to establish a level of prices that would be fair to consumers and remunerative to producers.

At this point, we would like to express our satisfaction with the consensus achieved on the fundamental elements of the Common Fund. Following this consensus, at is our hope that the articles of agreement of this key instrument will soon be adopted. In this way greater stability in commodity prices will be achieved, thus contributing to the development of the economies of the developing countries and facilitating the regular flow of supplies to all commodity-importing countries.

As far as individual commodities are concerned, a considerable effort has been exerted and some progress has been made within the framework of the Integrated Programme for Commodities and the implementation of the measures provided for in Conference resolution 93 (IV).

Although the work has perhaps not advanced as far and as expeditiously as might have been desired, the overall picture is positive.

A number of conferences organized by the UNCTAD secretariat on particular commodities have shown that both producers and consumers have found the negotiations, the exchange of views and the in-depth studies undertaken to be profitable. The case-by-case approach

appears to be the most fruitful method of treating the widely disparate problems of individual commodities and markets.

Manila is the place to review the results achieved, and this Conference provides another opportunity to discuss the future of the Integrated Programme for Commodities.

In the area of international trade, there is one fundamental objective which is shared by all of us: the liberalization of trade. In several international forums, the Greek delegation has had the opportunity to underline the serious danger of protectionism, especially for developing countries, and the common interest of all countries in promoting an increasingly open world trading system.

The terms of trade of the developing countries have steadily deteriorated, mainly due to the decline of their export earnings and the decline of the purchasing power of those earnings because of the world-wide inflation and the instability of exchange rates. Having had such an experience, the Greek Government recognizes the need for structural adjustments. This should be done to ensure that changing conditions of competition and comparative advantage may continue to be reflected in production patterns, taking into account the variety of domestic and international economic aspects.

Concerning trade liberalization and aid, we welcome the recent results of the multilateral trade negotiations within GATT. The agreement reached on tariff and non-tariff barriers and the introduction of special treatment in favour of developing countries, in conformity with the Tokyo Declaration, constitute two substantial steps towards international trade liberalization and development. It is expected that full implementation of the Tokyo Round agreements will contribute significantly to providing a more open and fairer trading system and resisting pressures for protectionist measures that would restrict trade possibilities, particularly those of developing countries.

With regard to the difficulties faced by the developing countries in their industrialization, a new development strategy will need more effective measures than those applied in the past. To expand and diversify their exports of manufactured and semi-manufactured products, they need to increase their participation in industrial activities and international trade, as well as to improve their industrial capability.

It is commonly acknowledged that the GSP constitutes an important step forward in this field. To realize its full potential, however, quantitative and qualitative improvements will have to be made in the existing schemes of generalized preferences as well as in the harmonization of the "rules of origin" system.

In the area of money and finance, there are several issues concerning the reform of the international monetary system, the improvement of the framework of international financial co-operation, and the need to promote the existing facilities available.

On the transfer of real resources, commitments already undertaken have to be respected so as to increase effectively and substantially the targets for ODA and to improve the terms of such assistance.

On public flows, since the ninth special session of the Trade and Development Board, most of the industrial countries have converted loans owed to them by the world's poorer countries into grants in accordance with resolution 165 (S-IX) of the Board.

The Conference must proceed to the review of the debt question required by this resolution, and we very much hope that it will be possible to make further progress in resolving the debt-servicing difficulties of developing countries, mainly the least developed among them.

It is generally recognized that industrial growth in developing countries is heavily dependent on the acquisition of new technology from the technically advanced industrialized countries. In parallel, the acquisition and use of technology by developing countries is heavily influenced by the operation of the international patents system. International action which would set minimum observable standards in the field, based on a fair and equitable balance of the various economic interests involved, is urgently required.

Positive steps have been taken in this field since the fourth session of the Conference to strengthen the technological capacity of developing countries, and considerable progress has been achieved in the negotiating Conference on an International Code of Conduct on the Transfer of Technology, as well as in connection with the ongoing revision of the Paris Convention on the Protection of Industrial Property within WIPO. We look forward to achieving further progress in the general field of technology, and arriving at mutually acceptable results for a dynamic evolution.

The Greek delegation has taken note of the handling by the Arusha document of agenda items 15 and 16 and agrees that more far-reaching measures are required to assist the least developed countries to extricate themselves from the present stage of chronic underdevelopment. In this respect, it should be emphasized that, after its accession to EEC, Greece will participate in the Community's external economic policies.

Regarding the development of collective self-reliance, we consider that it is an integral aspect of the new international economic order and should be supported by all sections of the international community. The proposals contained in the Arusha document need special attention and should be examined in a constructive spirit. The same applies to economic relations between the developing countries and the socialist countries of Eastern Europe in the framework of trade relations among countries having different economic and social systems.

Another important item to be examined during this Conference is item 14 of the agenda, which refers to merchant shipping. My country is particularly concerned with this item, since merchant shipping has been of paramount importance to our economy.

As we all know, merchant shipping is the servant of sea-borne trade. Its significant role in international commercial transactions and the expansion of world trade is widely recognized.

The lower the cost of the shipping services provided, the higher the expansion of sea trade. But the provision of low-cost shipping services presupposes the free flow of world sea-borne trade and the absence of any protective policies. World shipping should also operate on sound economic grounds, under the principle of free and fair competition.

We have studied the shipping aspects of the Arusha declaration. We think that many ideas reflected in it are reasonable and fair, and therefore merit our full support. We are especially in favour of measures that will assist developing countries to expand their national merchant fleets. Having the experience of the development of our shipping industry, we believe that the development of a merchant fleet should be effected through measures that will make it internationally competitive, because this is the decisive factor that guarantees the operation of any national fleet on a viable basis. Lack of competitiveness not only results in the restriction of possibilities for viable and profitable participation of a fleet in international sea-borne trade but is also harmful to the economy of the flag State as regards its national trade, since in the latter case higher rates are quoted for national cargoes.

Greece has noted with particular interest all developments regarding the ratification of the Convention on a Code of Conduct for Liner Conferences. This Convention provides for the participation of the national lines of developing countries in liner conferences. At the same time, it establishes procedures ensuring that freight rates fixed by liner conferences are reasonable and favourable to developing countries. These provisions are of a positive nature and have always been supported by Greece. The Code provisions for admission of new members to liner conferences and settlement of disputes through conciliation machinery are also supported by us. Others, such as those establishing a flag preference policy through the allocation of cargoes, do not meet with our support. On the other hand, we do understand that the nature of liner trade and the cartel system that governs the operation of liner conferences give reasonable justification to developing countries to pursue such measures in the liner trade.

In general, vessels of any country should have equal opportunities to participate in international trade and, more specifically, should have free access to cargoes and not be hampered by any discriminatory measures. It is for the benefit of international sea-borne trade and of the consumer that a shipper should have the right to choose freely the carrier he considers most appropriate, irrespective of flag.

We are deeply concerned over the position expressed in this Conference that movements of bulk cargoes should be reserved for ships of the importing and exporting countries. We believe that this would be detrimental to international trade and to the world economy as a whole. In practice, such an idea, if applied, would make

the supply of international shipping services less flexible and would result in the undue operation of excess tonnage, an irrational increase in transport costs and, finally, a deterioration in the quality of the shipping services provided.

This would be detrimental to all countries and especially to developing countries, whose export activities would be hindered by the increase in transport costs. For the same reason, it would cost more to import goods. Moreover, other countries such as Greece would be seriously affected. These countries, not possessing other natural resources, have developed an expertise in the supply of international shipping services, as an essential element of their economies. We do not claim that any country or group of countries should have exclusive rights to the supply of shipping services. On the contrary, we firmly contend that all countries have the right to participate through their national fleets in international sea-borne trade. Such measures as the allocation of cargoes among ships of trading partners eliminate this right. They introduce the unfair principle that a country already favoured in natural resources is given the additional exclusive right to transport them abroad.

The main interest of the developing countries, and particularly that of the least developed and land-locked countries, which have not developed national marines, is the reduction of transport costs. This can be achieved only by the operation of competitive fleets.

Greece has succeeded in developing its merchant fleet without protectionist measures or cargo preference rights, competing fairly within the international market. The same can be achieved by any developing country provided that it has developed the necessary shipping infrastructure. Such an infrastructure is a prerequisite for those developing countries wishing to develop national merchant fleets. In this regard, we believe that UNCTAD has a great role to play in the field of shipping.

We also believe that the requests contained in the Arusha declaration for the supply of technical and financial assistance to developing countries for ship acquisition and for development of the required shipping infrastructure merit careful consideration and study.

UNCTAD should assist the efforts of developing countries to acquire or expand national merchant fleets, enabling them to operate on a competitive and commercial basis.

In conclusion, I wish to express the hope that during this Conference we shall take advantage of any improvement in the climate of international discussions, so as to ensure that the decisions to be taken will give a new impetus to future international economic co-operation, and that they will also provide new and useful orientations and directions to the purposes of the special session of the General Assembly to be held in 1980.

**Statement made at the 161st plenary meeting, on 16 May 1979,  
by Mr. Valentín Solórzano Fernández, Minister of Economic Affairs of Guatemala,  
on behalf of the States members of the Central American Common Market**

It is an honour for the Government of Guatemala and a personal satisfaction for me to come to this rostrum as the spokesman for CACM, of which Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica are members. In so doing, my main purpose is to inform the participants in the Conference of the views held by our integration grouping on the issues that will be taken up in the next few weeks in this beautiful great city of Manila—the setting for the fifth session of the United Nations Conference on Trade and Development.

Before I come to the substance of my speech, allow me, Mr. President, to congratulate you and the other members of the Bureau on your well-deserved election. This promises a fruitful outcome to our deliberations, which we hope will enable us to find solutions to the weighty problems now being faced by the world economy.

I shall refer to two salient aspects of the international trade and economic situation: energy and protectionist measures.

Since 1971, the Central American Governments have been considering the problem of energy at the regional level, reviewing in the first place the situation of petroleum and petroleum products and the impact on their economies of the rise in price of these products.

In addition, programmes have been carried out for investment in hydroelectric and geothermal projects, for the electrical interconnection of the Central American countries and for research into their own sources of energy; and measures have been taken to rationalize fuel and electricity consumption.

As part of this policy, our Governments have also decided to set up machinery for action to ensure adequate supplies of energy and to guarantee stable prices for a reasonable period of time.

In the context of a new international economic order and on the threshold of the Third United Nations Development Decade, the quality of life to which our peoples are entitled entails the transformation of our economies, and this requires, among other things, increasing amounts of energy. In view of this, and acknowledging the legitimate right of the developing countries to secure and demand fair prices for their natural resources as a principle of economic relations, we call upon the international community to give serious and urgent attention to the problem and to implement the measures that are required by the pressing situation of countries such as ours.

Recognizing from the outset the sovereign right of countries to take economic policy measures to safeguard their vital interests, CACM agrees with the views expressed by many of the participants in this forum that the flow of international trade has been perceptibly obstructed over the last 10 years by the enforcement of protectionist measures by the developed countries.

Technical studies have reliably demonstrated that the multinational efforts made to reduce customs tariffs in order to achieve greater liberalization of trade are being cancelled out by the large number of non-tariff barriers, often of an ingenious nature, which are simultaneously springing up under the name of agricultural policies, specific duties, selective taxes, discretionary licensing, so-called voluntary quotas, product standardization systems, and other similar charges.

The truth is that, if the developed countries continue to apply measures of this kind in their import trade, we shall not only return to the protectionism that characterized the economy of the inter-war years, but we shall also very probably end in a state of chaos, and incidentally aggravate the political and social instability of the world.

CACM will energetically support any measures to counteract this contemporary phenomenon, which is reducing the scope of our Governments' development policies and dispelling all hopes of obtaining greater economic and social well-being for our fellow citizens. This is why the concept of international co-operation is now more valid than ever, in the sense not of the mere formulation of recommendations for achieving a better life but of specific action to put them into practice. The countries of CACM are aware that a solution will not be easy to find, but they are prepared to co-operate in finding one, and consequently they urge the countries participating in this Conference to pool their efforts in order to make the new international economic order a reality and to comply with the Charter of Economic Rights and Duties of States as adopted by the United Nations General Assembly.

In view of the possibilities offered to the developing countries by the Tokyo Declaration, signed in September 1973, the authorities of CACM hoped that the results of the multilateral trade negotiations would live up to the principles and objectives laid down in the Declaration and thus give the developing countries better access for their products to international markets. For that reason they decided to participate as a single regional economic body in the negotiations already virtually concluded.

Whether the reaction to the objectives of the Tokyo Declaration has been positive or negative will affect the decision taken by the countries that participated in the Tokyo Round after they have analysed its results.

On 12 April 1979, in the Committee on Trade Negotiations at Geneva, the representatives of the States members of CACM stated, on behalf of their Governments, that their final decision with respect to the multilateral trade negotiations would depend on the overall results of the negotiations and on the quantitative and qualitative benefits to be obtained from them.

Preliminary studies indicate that the results of the negotiations are discouraging, because the topics of greatest interest for CACM were not dealt with as thoroughly as they deserved, and it will be difficult in practice to make substantive changes in the framework of international trade. The tariff reductions are limited, and as for the codes of conduct, which are now virtually in final form, we consider them to be geared to the interests of a very small number of developed countries.

It must also be recognized that the special and more favourable treatment for developing countries and the supposed reforms in the General Agreement on Tariffs and Trade fall far short of the third world's aspirations.

This is how things now stand, despite the efforts of CACM to make a timely and substantive contribution to the multilateral trade negotiations, a contribution which we regard as having played a useful part in furthering the expansion and liberalization of world trade.

The problems of international commodity trade and the intensive efforts made over the course of the years to overcome them are familiar to all the representatives at this Conference.

A mere glance at the composition of the developing countries' export trade shows beyond a shadow of doubt how severely their economies are affected by the fluctuations in international commodity prices; and the damage is all the more serious in that one or two of these commodities represent more than 50 per cent of the foreign exchange earnings of certain developing countries.

CACM is no stranger to this situation, since the value of its exports to the rest of the world derives essentially from coffee, cotton, sugar, bananas, meat and cocoa. Faced by these facts, the Governments of the region have collectively or individually supported and participated actively in those international institutions whose main objective is to bring order into commodity trade. Although a few of the international commodity agreements are being implemented at present with some success, the countries of CACM, in their capacity as producers, still suffer from uncertainty about market movements.

In the history of UNCTAD, the fourth session of the Conference, at Nairobi, Kenya, will be remembered for the adoption of resolution 93 (IV) on the Integrated Programme for Commodities, which marked the first attempt to find a comprehensive solution to the problems of commodity trade and to make it clear that the responsibility devolved on importing as well as producing countries, so that the tasks set out in the resolution had to be undertaken in concerted and harmonious manner.

As the Integrated Programme for Commodities is a multinational initiative involving the legitimate economic interests of CACM, this group of countries has not only participated jointly and in a co-ordinated form in various forums but it has also noted and is carefully analysing the initial understandings reached at the third session of the United Nations Negotiating Conference on a Common Fund. CACM also hopes that progress will be made with the preparatory work for international agreements on the commodities

covered by the Integrated Programme. The participation of countries in the Fund as well as in any agreements that are concluded must of course be voluntary and without strings attached.

The GSP established by Conference resolution 21 (II) has failed to achieve the results originally expected of it in the light of its objectives. However, CACM uses the GSP to some extent for its exports to the United States of America and to a lesser degree for its exports to EEC.

The fact that little use is made of the GSP is largely due to the limitations inherent in the preferential schemes, including inadequate coverage for agricultural products, partial tariff cuts, which are not attractive to either exporters or importers, the practical impossibility of using the maximum limits authorized by certain schemes and, lastly, uncertainty whether the preferences will continue and the system will be permanent.

CACM would like to see the GSP improved. It considers that every country should make a thorough study of the different schemes, in the light of the experience and the greater knowledge it has acquired of trade exempt from customs tariffs, with a view to aligning the schemes more closely, introducing new products of particular interest to developing countries, offering exporters greater security and, above all, transforming the GSP into a permanent legal instrument.

CACM nevertheless recognizes that improvements in the GSP must be accompanied by support for other programmes designed to diversify exports in terms of both markets and products.

Technology is another of the important issues that will be taken up at this Conference. The countries of CACM have supported the position adopted by the Group of 77 concerning the international code of conduct on the transfer of technology on the understanding that this instrument should facilitate the flow of technology through the establishment of clear, precise and mandatory rules, bearing in mind the unfavourable situation of the developing countries. The Central American countries have participated jointly in this work, basing their stand on the premise that the incipient state of scientific and technological development in Central America is due to factors of a national and international nature. Outstanding among the international factors are the place of the subregion in world economy and its disadvantageous position in the international division of labour. Hence the vital importance of linking development, science and technology to the establishment of a new international economic order.

The initiatives directly connected with science and technology which should facilitate the establishment of the new international economic order include, in addition to the international code of conduct on the transfer of technology, formulation of an international code of conduct for transnational corporations, revision of the Paris Convention for the Protection of Industrial Property, and creation of financing mechanisms for scientific and technological development, all these with a view to building up an independent and self-sustaining scientific and technological capability which will prevent the developing countries from becoming increas-

ingly dependent on the transnational corporations for their technology.

We are aware that the various national and subregional policies required by technological change include the need to update legislation on industrial property and procedures for public sector purchasing and contracting, so as to crystallize the role of technology as a necessary input for the self-sustained development of the subregion. Steps should also be taken to strengthen research capabilities and institutional bases so as to make for the effective planning and implementation of scientific and technological policies and at the same time to promote the establishment of national and subregional information systems.

The items relating to shipping in the work programme of the Conference are of special importance to the Central American countries because of the way in which their foreign trade is carried and the stage of development reached by their own merchant fleets.

The Code of Conduct for Liner Conferences is intended to facilitate the orderly and efficient expansion of the regular liner services which carry world sea-borne trade, to establish just mechanisms for harmonizing the interests of shippers and shipowners within liner conferences, and to create machinery for promoting participation by the merchant marines of the developing countries in line with those countries' trade flows as well as for giving them full rights of participation in the liner conferences providing shipping services. All these objectives still remain to be achieved, since some major maritime countries have not yet ratified the Code.

The fifth session on the Conference will be reviewing the participation of the developing countries in world shipping and the development of their merchant marines. UNCTAD has been grappling with this important question since 1964 without achieving satisfactory results.

The countries of CACM jointly own 12 vessels, divided among five shipping companies, and representing about 41,000 tons dead weight. It should be added that Costa Rica and Nicaragua are members of the Naviera Multinacional del Caribe (NAMUCAR), to which other countries of the Caribbean basin also belong. The limited capacity of Central American shipping may be better appreciated if it is pointed out that its own vessels together with those it hires carry a bare 6 per cent of the five countries' extraregional trade.

In addition of these limitations, the subregion is confronted by several problems. First, the structure of freight rates for the subregion is discriminatory and subject to constant and arbitrary increases that the subregion has little ability to prevent, since its shipping lines are in a weak position in the liner conferences, to which only FLOMERCA and MAMENIC belong. Secondly, Central America has difficulty in placing its

export products because of the limited development of its merchant marines and the level of freight rates charged by the regular liner services. Finally, the subregion as a whole does not receive the benefit of the investments made in improving its ports or the programmes for the expansion of its foreign trade.

In view of the conditions prevailing for the merchant fleets of CACM, we shall support any proposals made at this Conference to set up appropriate systems for financing the purchase of vessels and bilateral or multilateral technical assistance programmes to improve the position of our merchant fleets.

Economic co-operation among developing countries is the *raison d'être* of CACM. From 1951 to the present day, the five Central American countries have integrated their economies in order to improve the level of living of their inhabitants. Admittedly, the task has been a difficult one but, thanks to the perseverance of Governments and peoples, we can show the world that we have adopted a common approach in order to overcome the problems of economic and social underdevelopment in Central America. We have met with some success on the road to integration, but we have also encountered obstacles. At the present time the Governments have unanimously decided to further and intensify the Central American economic integration programme, and are now actively engaged on this.

With this end in mind, we are resolved at this Conference to support any proposals designed to consolidate and strengthen both our own community development and the solidarity and co-operation of the developing world. This we see as one of the few ways still open to us to pursue our aspirations and overcome the obstacles by which we are surrounded. In this respect, CACM proposes to act in concert with other developing countries with a view to expanding trade among such countries through an effective preferential system with special characteristics of its own, bringing about horizontal co-operation at the financial and technical levels as well as multinational investment, and achieving solidarity and mutual support in matters of natural resources; however, while we seek solidarity in respect of policies aimed at protecting or claiming such resources, due account must be taken of the situation of developing countries which have no resources.

Since I speak on this occasion for CACM, allow me to quote the closing words of my predecessor at the first session of the Conference; to my mind they are still valid in every respect:

In conclusion, we should like to appeal to all those meeting here to ensure that the spirit of this Conference be one of frankness, goodwill and a firm determination to find solutions, however difficult they may be, to international economic problems, since these offer not only the possibility of better conditions of life, material and cultural, for the greater majority of humanity, but also the prospect of inaugurating an area of peace and co-operation between peoples.



**Statement made at the 167th plenary meeting, on 21 May 1979,  
by Mr. Daouda Kourouma, Ambassador of Guinea to China**

Mr. President, may I first, on behalf of the revolutionary people of Guinea, of its Government, headed by President Ahmed Sékou Touré, its well-loved guide, and of my delegation, congratulate you very warmly on your well-deserved election to the presidency of the fifth session of the United Nations Conference on Trade and Development. There is no doubt that, stimulated by an experienced man like yourself, the work of this session will provide a positive response to the legitimate hopes of the developing world. I should also like to congratulate Mr. Gamani Corea, the Secretary-General of UNCTAD, on his unceasing personal efforts to bring about the harmonious development of UNCTAD, as well as all his colleagues on their careful preparation of our present work.

The Government of the revolutionary people of Guinea fully shares the concerns reflected in the agenda of this fifth session, and is of the opinion that those same concerns, as well as their solutions, are set out in the Arusha Programme for Collective Self-Reliance and Framework for Negotiation.

It was at Nairobi, in 1976, that together we had to ponder very carefully the factors constituting the problems—or rather the evils—from which humanity is suffering and which go by the name of hunger, ignorance, disease, war—in short, everything that today is decimating hundreds of millions of human beings on our planet in general and, in particular, and in the most alarming fashion, in Africa. The decision reached at Nairobi, and set out in Conference resolution 93 (IV) on the Integrated Programme for Commodities, which was clear and precise as regards both means and ends, gave rise to great hopes. Today we are unfortunately obliged to recognize that this decision, which was so auspicious for the developing countries, has not yielded any tangible results, because in point of fact only one of the 18 commodity agreements that were to have been negotiated has been completed.

As regards the negotiations on the Common Fund, without which there can be no viable agreement on commodities, my delegation, realizing that no headway has been made with the inauguration of the Fund because of the wealthy countries, appeals to them to make their contributions—following the example of those who have just announced theirs from this platform—to either one of the Fund's windows or both.

In 1980 the Second United Nations Development Decade will come to an end, and it is disappointing at this stage to note that the major objectives that were to have been achieved, the main features of which it would be well to recall here, have not really been attained:

1. A 3.5 per cent increase in the GNP of developing countries;
2. A general expansion of their economies by 6 per cent;
3. A 4 per cent increase in agricultural production. This is a point of fundamental importance for the

developing countries of Africa, where 80 per cent of the population is engaged in agriculture and where, because of low crop yields, Governments have to import massive amounts of foodstuffs to meet the needs of the urban population. This situation is of particular concern because, in 1976 alone, developing countries which were not oil producers spent about \$10 billion on imports of foodstuffs, which accounted for one third of their balance-of-payments deficit. What is most disturbing is that these \$10 billion were the equivalent of 80 per cent of the ODA received by those same countries during that year;

4. An 8 per cent increase in the output of manufactures by developing countries. In this way domestic requirements could be satisfied by substituting goods manufactured locally, and the counterpart value of which could at least be invested for productive purposes;
5. A substantial expansion of exports, of the order of 7 per cent. It should be noted in this connection that, even had this expansion been achieved, it would have had no positive effect on the GNP or on the balance of payments of the developing countries as long as the developed countries maintained the inequality which is a feature of the present terms of trade.

What does this mean save that, as regards our concerns, the anticipated results have not been obtained and that, in addition, all the negative effects of the difficulties being experienced by the market-economy countries have very often had repercussions on our fragile economies, thus forming an obstacle to their development?

One of the most acute problems for the developing countries is undoubtedly that of ocean transport. The situation of our countries in that respect is all the more unacceptable as 61 per cent of the goods carried by sea are exported by the developing countries, which, however, own under 8 per cent of the world's merchant fleet. The discrepancy is even greater in the case of bulk transport, inasmuch as developing countries today generate over 90 per cent of liquid cargoes and over one third of the major dry products carried in bulk, whereas their share in the world tanker fleet and in bulk carriers is under 6 per cent. In that area too, the concessions made by the developed countries to the developing countries are so meagre that we must, at the fifth session of the Conference, bring about the effective adoption of the Code of Conduct for Liner Conferences and, above all, its entry into force by the end of 1979, as only in that way can we achieve the desired new international maritime order.

With regard to the transfer of technology, my delegation is of the opinion that science, technique and technology are not the prerogative of any man or any people, and it therefore considers that scientific, technical and technological progress must be made

available systematically to all countries, and particularly to the developing countries, in order to bring about a qualitative and quantitative improvement in their production. That is why my delegation earnestly hopes that a binding and universally applicable international code of conduct for the transfer of technology will be adopted at this session.

Although the basic question of ECDC was tackled in clear terms in the Arusha Programme for Collective Self-Reliance and Framework for Negotiation, my delegation would like to stress here that the Revolutionary People's Republic of Guinea very quickly came to realize that, by pooling their resources, developing countries could more easily achieve progress in the momentous battle to dominate nature in which they were engaged. It is therefore well to recall that, at the level of our subregion, the Revolutionary People's Republic of Guinea has never spared any effort to contribute both to the creation and to the consolidation of regional economic bodies such as AfDB and ECOWAS, to mention but two. There is also the International Association of Bauxite Producers, with headquarters at Kingston, Jamaica, that comprises the principal developing countries producing bauxite, including Ghana, Sierra Leone and my own country, which at present produces over 12 million tons of high quality bauxite and some 800,000 tons of alumina annually. It has been found that the Revolutionary People's Republic of Guinea at present possesses two thirds of world bauxite reserves, and we are negotiating with other developing countries for the joint exploitation of one of our deposits (500 million tons of high-grade bauxite) with a view to the production of alumina and aluminium.

In this connection, it would be desirable for the developed countries, in view of the obviously complementary nature of their economies and those of the developing countries, to agree not only to increase their investments for mineral prospecting in the developing countries but also, and above all, to agree to make investments in those countries so that the raw materials extracted, can be upgraded on the spot; only if such action is taken by the developed countries can the countries supplying raw materials increase the earnings they derive from the exploitation of their mineral resources.

The fact that 75 per cent of the world population accounts for only 20 per cent of total world income and less than 5 per cent of world technical and scientific potential is sufficient proof that the developing countries can no longer go on bearing the enormous costs of a sham world economic expansion. In the global approach to the problem of the development of the disadvantaged countries, my delegation would very much like to see especial attention devoted to the poor regions of the world, and particularly to the poorest regions of Africa. My delegation will never be able to over-emphasize the need for the immediate initiation of an action programme for the most disadvantaged countries, as has so rightly been advocated in the Arusha Programme. Such action might concentrate in the first place on financial, technical and technological assistance, with a view to improving the agricultural, public health, housing, education and transport and communication sectors.

My delegation, speaking on behalf of its revolutionary Government, headed by President Ahmed Sékou Touré, a man who has irrevocably chosen to identify himself with the sacred cause of his people, would like to take advantage of this occasion at Manila to express its very sincere gratitude to the Governments of Canada, the Federal Republic of Germany, the Netherlands and, quite recently, France, which have agreed to cancel the debts of some of the poorest countries. We earnestly hope that their example will be followed by all the other developed countries, as this action certainly represents an important step forward in the recognition of the problems of suffering mankind. May I also be allowed to express to the Government and the people of the Philippines the warmest thanks of my delegation for the extremely cordial welcome accorded to us, and especially for the facilities of all kinds made available to us to ensure the complete success of our work.

To conclude, my delegation, which is fully aware of the complexity of the tasks we have to tackle at this session, hopes that our negotiations will achieve, without subterfuge or dilatory measures, tangible results likely to bring about the effective promotion of a more just international economic order that will improve the conditions of the international community.

**Statement made at the 162nd plenary meeting, on 16 May 1979,  
by Mr. Vasco Cabral, State Commissioner for Economic Co-ordination  
and Planning of Guinea-Bissau**

Allow me first of all, Mr. President, to extend to you my warmest congratulations and sincere compliments on your election to preside over the work of this Conference. The fact that you were selected is of great importance for us, not only because of your ability but also because of your responsibilities in regard to international problems. This choice is entirely in keeping with the size of your country and the role which it continues to play on behalf of the countries of the third world, of which it is an integral part. Our congratulations are also addressed to all the officers of the Con-

ference, and we further wish to express heartfelt thanks and sincere gratitude to the people and Government of the Philippines, directed by its eminent Chief of State, President Marcos, for the warm and friendly welcome extended to our delegation and for the flawless organization of this Conference. We also wish to thank Mrs. Imelda Marcos, Governor of Metro Manila and Minister for Human Settlements, for all the kindness she has shown us and the pleasant atmosphere in which we are carrying out our work in this lovely city of Manila. We congratulate Mr. Gamani Corea, Secretary-

General of UNCTAD, on his illuminating statement and assure him of our encouragement in his efforts to serve the peoples of the third world. Herewith our sympathy, admiration and firm support to him and his staff.

We are living today in a period of uncertainty about the future of economic relations between developed and third world countries. By the force of circumstances, the international community has to review the question of world economic relations in the face of the difficulty of finding solutions to various problems which are, after all, a matter of universal concern and whose settlement would have provided a solid basis and a new direction for international co-operation founded on equity and justice. Thus it is with a feeling of distinct disquiet that we are beginning this fifth session of the Conference, whose authority should be such that it can cope with the critical situation which continues to have a serious effect on international economic relations.

The need to take measures to restructure the international economic system is becoming more and more pressing, although so far the developed countries do not seem to be moving in this direction. However, the experience of recent years shows clearly that it will not be possible to advocate policies or even propose formulas capable of reversing the current trends simply on the basis of unilateral and isolated measures.

Consequently policies that are aimed solely at manipulating the business cycle and that are at the root of the current situation constitute a flagrant manifestation of the developed countries' egocentric attitude; hence they are bound to be ineffectual. The extent and persistence of the economic crisis shows, if there was a need to do so any longer, that any effective and lasting solution depends primarily on the establishment of new relationships between developing countries, based on equality and mutual benefits. Unfortunately, it so happens that some developed countries, despite an apparent awareness of such a requirement, do not really accept its implications in international negotiations. It is not surprising, therefore, that despite the expectations of the entire international community no negotiations have produced concrete and tangible results in respect of more and more serious problems.

In the field of trade, as a result of the protectionist measures taken by the developed countries and the tendency to push the fundamental interests of the developing countries into the background in the multilateral trade negotiations, the climate of the negotiations has become more unfavourable than before. This fact is truly in flagrant contradiction with the commitments and decisions contained in the Tokyo Declaration and the repeated statements of the developed countries concerning the need for an open international trade system that takes account of the special situation of the developing countries. Moreover, it is alarming to note the tendency to call into question the GATT rules which the third world has had to accept.

Similarly, the introduction of the concept of organized free trade seeks to legitimize the use of certain disguised forms of protectionism reflected in unilateral restrictions. The same applies to trade arrangements allegedly negotiated on a bilateral or multilateral basis.

The objectives of such actions is to freeze the existing structure of international trade and to close the doors of the markets of the industrialized countries to new producers enjoying comparative advantages.

In this case, it is easy for us to refute the argument that imports from the developing countries are the cause of increased unemployment in the developed countries. It should be noted that, on an average, 40 to 50 times as many workers are displaced by technological progress as by imports from the developing countries, and that exports by developed countries to our part of the world provide them with one out of every seven jobs.

If the current trends persist, we fail to see how those countries could hope to continue to export to our countries five times the amount of manufactures they import from them.

Again, the question may be asked how, in such circumstances, our countries could continue to overcome the effects of the recession in the developed countries by assuming an anti-cyclical role and, at the same time, service an external debt amounting to nearly \$400 billion without having the means of increasing the volume of their exports.

We have now arrived at the long awaited fifth session of the Conference. We note with regret, however, that very little meaningful progress has been achieved in implementing the decisions and commitments made at Nairobi concerning an integrated programme for commodities. There seems to have been some progress in respect of the Common Fund, especially with regard to the acceptance by the developed countries of the principle of a facility for financing measures other than those relating to stabilization—the so-called second window; that constitutes one of the most encouraging factors in this situation.

With regard to monetary questions, there, too, little progress has been made. The objective agreed on at Kingston concerning the issue of SDRs during the period 1978-1981 does not appear to be sufficient, since after that further issue SDRs would still constitute less than 10 per cent of official reserves and would retain more or less the same marginal place they had at the beginning of the decade. Furthermore, these new liquid assets would not be allocated on the basis of the increased liquidity requirements of the developing countries and the allocation would primarily benefit the developed countries. First of all, the 50 per cent increase in the quotas—adopted in principle—will scarcely match the increase in international trade and will therefore only have the effect of maintaining the *status quo*. That is aggravated, of course, by the fact that there is no reason to expect a substantial improvement with regard to the number of votes assigned to our countries, i.e. the countries of the third world. Secondly, there has been no change in the rules governing conditions, even though they are unsuited to the structural character of the deficit in the balance of payments of the developing countries.

The external debt problem is also one of our major concerns. The historic challenge made to the profiteers of the international order is an international duty and a duty towards our peoples; it is the discharging of a debt to our martyrs and at the same time an obligation to

ourselves and to our group. We must, however, increase our vigilance and present a more united front, since "international capital" still has a variety of stratagems and resorts to all kinds of manoeuvres, ranging from the most diabolic subtleties to the most scandalous forms of brutality and blackmail. Our countries' indebtedness is merely the logical consequence of a system whose perpetration provides those who benefit from it with a powerful means of dissuasion. For the developing countries which do not produce petroleum, the overall balance-of-payments deficit has amounted to more than \$35 billion and is growing at a dizzy rate from year to year. This deficit increases as overall debt which has more than tripled in five years and will soon be doubling within two years if it continues at its current growth rate.

A comparison between an indebtedness figure of over \$150 billion and the \$20 billion representing transfers from the rich countries to the developing countries is illuminating. It is truly scandalous when we realize that more than \$300 billion are devoted to armaments in the world. Half, even one third of this amount of \$300 billion, invested for the development of the poor countries, would give our world an image more in keeping with the objectives of the Charter of the United Nations, to which all the States of the international community have acceded or subscribed. It would also strengthen some decisions taken by common agreement by all of us, such as: respect for the Charter of Economic Rights and Duties of States, and in particular the right of States to dispose freely of their resources, which my country strongly supports; strict implementation of the Manila Programme, which we also support; and the generalized system of preferences adopted at Nairobi, a not insignificant result of the fourth session of the Conference, to cite only a few examples.

During the fourth session, at Nairobi, however, some of our ideas were rejected and another solution involving a study of each country's indebtedness on an individual basis was proposed to us. The purpose of this is to use the means of blackmail offered by bilateral negotiations between small indebted nations and their major creditors in order to split our united front and destroy our efforts.

However, some countries such as Sweden, Norway, and the Netherlands, to cite a few examples, have made a highly commendable effort by converting into grants all or a substantial part of the debts which the least developed countries owe them under the heading of ODA; I should like here and now to express to these countries our most sincere gratitude and thanks. We hope that the industrialized countries which have not yet embarked on this process, so important for promoting a climate of understanding and harmonious and fruitful co-operation between the States members of the international community, will do so without delay. Thus, in our opinion, it is indispensable and urgent to find forthwith a negotiating framework for the expeditious renegotiation of the debts of the developing countries.

With regard to the transfer of resources, the targets are far from being reached. The ODA flows, which were to constitute 0.7 per cent of the GNP of the wealthy

countries, have reached only 0.31 per cent, the lowest rate in two decades.

As for the structuring of industrial development in the world, there too we note a lack of specific policies designed to translate into reality the decisions taken by the General Conference of UNIDO. The system of international consultations proposed to that end by UNIDO tends to be limited to mere exchanges of views because of the negative attitude of certain Governments of developed countries, which argue that they have no means of inducing or bringing pressure to bear on enterprises within their frontiers.

The growth rate of the third world's industrial output has remained unchanged at about 6 per cent, on an average, for three or four years, although it would have to be 10 per cent to 11 per cent until the year 2000 in order to reach the agreed target, i.e. to increase the developing countries' share in world industrial production to 25 per cent.

Similarly, it is regrettable that we are still waiting to see UNIDO converted into a specialized agency, so that it can deal with various problems more effectively, with all the responsibilities that that implies.

We believe that every effort will be made at the forthcoming United Nations Conference on Science and Technology for Development to adopt an approach that will enable the decisions we take to be translated into concrete action.

With regard to agriculture, the targets set by the World Food Conference have not yet been reached. For example, the financial flows for the development of production in the developing countries are not more than half of the \$8.3 billion required to reach the annual growth rate of 4 per cent set by the Conference. Combined with other factors, this situation has affected the production growth rate, which is declining from year to year. The only bright spot in such a gloomy picture has been the take-off in 1978 of the operations of IFAD. However, an increase in agricultural output and productivity in the developing countries, and therefore the elimination of hunger and malnutrition, depends just as much on the reforms to be carried out at the domestic level as on the restructuring of international economic relations. In this context, the forthcoming world conference on agrarian reform and rural development will open up new prospects for us in the developing countries, and we regard it as of great importance.

The importance of co-operation among developing countries no longer has to be stressed. The United Nations Conference on Technical Co-operation among Developing Countries, held at Buenos Aires, in Argentina, testifies to the importance now attached to the question at the world level. The decisions contained in the Buenos Aires Plan of Action must have the support and endorsement of the international community, since the final goal of such co-operation—beyond that of collective autonomy—is to create the conditions for genuine and general independence.

It has become a commonplace to point out that certain resources are exhaustible, in particular hydrocarbons. There is therefore a need to provide for a transi-

tion to other sources of energy. The idea of holding a conference on new and renewable energy sources no doubt arose from such considerations. We should not lose sight of the fact that in this regard it is primarily and particularly the developing countries that will be worst affected, or confronted with difficulties inherent in the exploitation of new energy sources, from the standpoint both of cost and of obstacles involved in the transfer of technology. It seems to us necessary for a meeting to be held at the international level to discuss and find viable solutions. However, it would then be appropriate, if the idea of an international meeting were accepted, to ensure that it was directed towards action in favour of the developing countries.

The developing countries consider, as regards the new development strategy, that the major guidelines of the strategy must be adequately defined to enable the various organs of the United Nations system to make the necessary technical preparations effectively and on a sound basis. The Group of 77, in the declaration of the Ministers for Foreign Affairs issued in New York on 29 September 1978, reaffirmed its view that the new development strategy should be in keeping with the principles and objectives of the new international economic order. For that reason the quantitative concept of development which forms the basis of the current strategy should be bracketed in the next strategy with an approach highlighting the qualitative and institutional aspects so that the necessary structural changes can be made at the international level.

To explain the lack of genuine progress and the slow pace of international negotiations, the developed countries point to the domestic difficulties with which they are faced. The difficulties are no doubt real, but we believe that they can be overcome only by a forward-looking policy based on a broader view of development, which recognizes the role that properly belongs to the developing countries because of their potential importance in world economic activities and makes them partners in the true sense of the word. Attainment of this objective will not benefit one category of country alone; it will help to prevent greater losses, harmful to all. A rational mobilization of world resources, in particular the 300 million unemployed in the third world, is what the necessary restructuring of international economic relations implies.

It is also high time that the developed countries grasped the significance of the alternative implied in the new international economic order and genuinely embarked, together with the other members of the international community, on the road towards the establishment of these new relationships with a view to ensuring a better future for coming generations. In this regard, I would recall the words of the late lamented Amílcar Cabral, Secretary-General, the leading militant and founder of our avant-garde party in Guinea-Bissau and Cape Verde: "The children are the flowers of our struggle and one of the main reasons for our fight for liberation." That is why, acting in this spirit, the Republic of Guinea-Bissau will celebrate with pride and fervour the International Year of the Child, which it will translate into concrete projects. As you know, millions

and millions of children throughout the world are suffering from social injustice, hunger, exploitation and malnutrition; that is why we consider that the establishment of a new international economic order which can bring progress, happiness and peace to the peoples of the world is urgently needed. A heavy responsibility rests on our shoulders.

At the sixth and seventh special sessions of the General Assembly of the United Nations and at the fourth session of the Conference, as well as in many other conferences which it would take too long to enumerate, the Group of 77 submitted a comprehensive plan for the new international economic order that we would like to establish for a just world. What has been proposed to us in return is nothing more than a replastering of the walls of an old building.

We now have to learn from the experience of the period which has passed since the first session of the Conference and adopt our strategy for the period that will elapse before the next session of the Conference.

The Republic of Guinea-Bissau has always taken part in the action carried out by its peers in the developing world, whether it was the non-aligned movement or the Group of 77. Thus we participated in the relevant meeting and in the preparation of the Arusha Programme. That Programme contains the main guidelines for our Group of 77 and is in keeping with the aspirations of our peoples for the determined defence of their sacred and vital interests. My Government therefore supports and strongly endorses the Programme.

In the opinion of the Republic of Guinea-Bissau, the strategy of the non-aligned countries allied with other developing countries should proceed along the following lines:

(a) Negotiations and, where appropriate, confrontation with our partners, presenting a united front, for the establishment of a new international order; for this it is essential to preserve our cohesion;

(b) Establishment, without our reluctant partners in the international community, of the new international order at the regional, continental and tricontinental levels and at the level of the developing countries as a whole, in accordance with the principle of a limited world-wide collective autonomy.

The conditions exist for the success of our strategy, since there is a potential complementarity: some of us possess natural resources, others manpower, still others a useful if not sophisticated technological know-how, and others capital. There is likewise the political will to change the face of the world. Moreover, we have created or are in the process of creating certain institutions which will provide us with effective support in the performance of our task, in particular: producers' associations of the Group of 77, with a stabilization fund, which will increase our negotiating power; the development fund of the Group of 77; the centre for information and research; the centre for information on transnational corporations and the centre for the promotion of scientific and technological co-operation, to

mention only a few bodies. Our last trump card will be the adoption and effective implementation of a programme of action for co-operation among developing countries, containing most of the points I have just mentioned and demonstrating our political will to pursue our objectives to the end.

When the curtain falls on this fifth session of the Conference, the entire world, which has been focusing on us since we began our deliberations, will have begun to make calculations based on the results we have achieved by then. This underlines the importance of each of our sessions, in particular the current one, which is being held at a pivotal and decisive moment in the history of mankind. From the first session of the Conference to the session here at Manila the world has

gone through a period of feverish excitement heralding major and profound changes.

Imperialism, colonialism and neocolonialism are fashioning weapons which are frequently very subtle, while Zionism, *apartheid* and racism can no longer help but reveal to the world the inhuman brutality and aggressiveness which characterize those philosophies. They are preparing to do everything in their power to preserve the advantages conferred on them by a political and economic order which is discriminatory, unjust and unacceptable to all those who cherish peace, liberty and justice. We have a historic responsibility and I wish to express the hope here that we shall not fail in our duty and that through our decisions we shall pursue the just struggle we are waging to the bitter end.

**Statement made at the 158th plenary meeting, on 14 May 1979,  
by Mr. Rashleigh E. Jackson, Minister of Foreign Affairs of Guyana**

Mr. President, protocol and a spontaneous urge impel me to begin by expressing, through you, to the Government and people of the Philippines, on my own behalf and on behalf of the delegation of Guyana, sincere pleasure at being in beautiful Manila, and our appreciation for the warmth of the hospitality that has been extended to us. The arrangements are excellent, and we feel extremely comfortable.

I venture to suggest that it is not without significance that it was here in Manila that the Group of 77 met in February 1976 to formulate its negotiating platform for the fourth session of the United Nations Conference on Trade and Development. It might perhaps be understood, therefore, why those of us from the developing world should entertain the hope that our return to Manila at this juncture in history will be more than symbolic, and that it will constitute a landmark in the fulfilment of the programmes we have articulated over the years for the implementation of the new international economic order.

Indeed, I dare say that such a possibility has certainly been encouraged by the inspiring inaugural address delivered to this Conference by President Marcos, who, as is well known, is firmly committed to the goal of a just and equitable international economic order and has worked tirelessly over a long period to advance its achievement.

Thus it should not be a sterile exercise for us to look back along the road we have travelled since the fourth session of the Conference, assess the balance sheet, analyse the state of health, so to speak, of the international economy today, and, if we can agree on the prognosis, prescribe necessary and appropriate remedies.

Many speakers before me have examined with different emphases the state of the international economy. It is clear that, while some national economies have shown considerable resilience and achieved notable growth, others, like my own, have suffered from the adverse effects of several trends.

All of us are affected in varying degrees by major developments in global economic activity. Today, the general characteristics include the continuing export of inflation by the industrialized countries and a disturbing resort to protectionism by them. The net effect of these rhythms, coupled with the additional, even if unintended, burdens of increasing energy costs, has been a downturn in the overall pace of growth of the international economy and, in particular, the persistence of structures of underdevelopment in the developing world. In many of these countries, millions continue to live in abject poverty and at the margins of hunger and degradation. The situation which we in the developing countries face is not one in which we can fold our tents and slink away, for, as President Marcos has reminded us, the poor and hungry cannot wait.

The fourth session of the Conference followed two years of intensive debate after the adoption by the United Nations, at a special session of the General Assembly, of a Declaration and Programme of Action on the Establishment of a New International Economic Order. At that special session, the sixth in the history of the United Nations, and for some time after, representatives of many developed market societies eschewed the use of the appellation "new international economic order"; for some assumed, and others maintained, that nothing fundamentally new was required to set aright the obviously ailing international economic system. It was secure in their belief that they asserted with conviction at that time that "the present order has served the world well". Palliatives were assumed to be sufficient. As a result, a bewildering plethora of such proposals emanated from representatives of developed countries, both at the seventh special session of the General Assembly in 1975 and at the fourth session of the Conference the following year. In retrospect—although some of us perceived it even then—those intense debates made manifest a conceptual gap that politically divided the international community. Increasingly, however, we have been seeing a convergence in semantic usage. Now all of us, with consummate facility, acknowledge that



what the insistent discourses on international economic co-operation are all about is in fact the establishment of a new international economic order. Indeed, today it can be said without challenge that the call for a new international economic order has achieved the status of rhetorical universality. However, if we are to move forward in earnest unison, it is essential to determine whether a shift in rhetoric has been accompanied by a correlative correspondence in concept.

Since the fourth session of the Conference, there have been myriad discussions in many forums. In reviewing our collective efforts since Nairobi, one is driven to ask whether there is indeed all-round satisfaction with the pace of implementation of agreed steps towards the new international economic order, and whether it is generally believed that the measures taken so far are adequate to the perceived needs of the global economy. Is it fair to conjecture that the steps taken for refurbishing the international economic system amount to nothing more than metastasis?

Of all the important issues which confront us, I wish to advert only to a few, since the prescriptions which the Group of 77 has articulated are publicly available. In any event, many of the presentations already made, including those of Caribbean States, reflect Guyana's views.

In the field of commodities, the successful implementation of the Integrated Programme remains of paramount importance. The recent agreement on the Common Fund as a central element of the Programme, although a step in the right direction, leaves much to be desired. Its real value and import will depend no less on the outcome of the process of elaboration of the various articles of the Fund than on the spirit in which the Fund will be allowed to function. Moreover, there must be as of now a preparedness to review the operations of the Fund at an appropriate time with a view to modifying its structure in such directions as practice may suggest to be necessary, and so making it more effective in meeting the purposes which it is intended to serve.

The problem of debt, like others, continues to require urgent and sustained attention. It is true that the ninth special session of the Trade and Development Board adopted some useful suggestions for dealing with the debt problems of the least developed countries. Since then, several developed countries have converted into grants past loans to the least developed countries. These steps are welcome. But more needs to be done in this area to meet the requirements of the most seriously affected and other developing countries. The decision of the ninth special session of the Board must therefore be seen principally as marking a beginning. The international community must seek to build upon it. Guyana hopes that, on the basis of the studies prepared by the UNCTAD secretariat, this Conference will be able to arrive at decisions that take us towards a clearer resolution of the debt problem as it affects developing countries.

It is difficult to conceive of relations between countries with different social and economic systems developing in isolation from the struggles being waged by the developing countries and the broad strategies which the international system needs to adopt.

Moreover, world economic development is of a continuous nature. Account should therefore be taken not only of historical facts but also of the existing realities.

Thus, if the imbalances in the present economic system are to be addressed globally for remedial action, and if the momentum of change is to be quickened in full measure, we need to enhance the quantity and quality of exchanges between States having different economic and social systems. A vigorous effort in this direction can bring all-round benefit.

In his penetrating address to this Conference a few days ago, the Secretary-General of UNCTAD, Mr. Gamani Corea, raised the question of the articulation of the basic rules and principles which govern international economic relations. It is a most important question: not only have some of these rules and principles been altered, but others are in clear need of change.

It is true that the process of change in the international system is generally evolutionary in nature. But the system is not mechanistic. It does not merely respond and adjust to its own internal contradictions. The need for change can be anticipated; and it is possible, through conscious action by the actors within the system, to induce change. Thus, by definition, change is not always evolutionary. Changes of a fundamental nature—structural changes—can occur at specific periods and as the consequence of determinable and specific circumstances.

In modern history, such a period and such circumstances occurred in the aftermath of the fascist quest for world domination at the conclusion of the civil war Europe had launched for the second time in this century. The international system which was fashioned by the victors and bequeathed to us is, in its cardinal features, our present possession. A no less relevant circumstance, I suggest, flowed from the qualitative effect of the virtually total eradication of outposts of imperial domain and the consequent emergence of so many post-colonial States as new actors in the international system. It was a development—the reference is to decolonization—which was foreshadowed. Nevertheless, it is to be wondered whether its pace has not bewildered and its present implications have not confused some of us, thereby making it more difficult for the global community to come to terms with its reality.

One hopes that the present technological capability for massive destruction of people and property has forever precluded war as a viable option for forcing through structural change in the global society. Indeed, one is led to expect that the emerging consensual appreciation of the commonality of concern for human dignity and full development provides a strategic and feasible alternative. But the most pragmatically potent factors for structural change lie in the growing recognition of the vital importance of the developing countries themselves to global development, and of the demographic projections showing that, by the year 2000, 80 per cent of the world's population will be in the developing countries, which bear the burden of underdevelopment. For the persistence of underdevelopment, hunger, inequality and injustice threatens peace.

This is why the observation of the Secretary-General, Mr. Corea, is so relevant. We need to adumbrate a corpus of rules and principles which will not only codify the recent alterations but will also express a collective vision which reflects mutuality of interests and the objectively determined requirements of the global economy. We need a consistent and mutually acceptable framework of principles and rules for the just and efficient management of the international economy.

The developing countries have always asserted that appropriate changes in the international economic system, although necessary, are not in themselves sufficient to promote their own development. Indeed, as enunciated in the Charter of Algiers, the developing countries recognize that their development is their primary responsibility and that in many cases it necessitates fundamental changes in their internal economic structures. We in Guyana are attempting to act accordingly. But it is equally true that the developing countries have also asserted, with unassailable logic, that, action at the national level to restructure their economies so as to satisfy the aspirations of their people notwithstanding, the perpetuation of the present international economic system will continue to inhibit their development potential and capacity. Indeed, such perpetuation actively ensures their underdevelopment.

Thus, on the question of a "basic-needs strategy", it must be readily acknowledged that the satisfaction of the basic needs of the poorest sections of the population of any society is a legitimate goal of development policy. But, this general proposition having been stated, it is dangerous and misleading to attempt to specify the use of externally defined and universally applicable policy instruments to achieve that objective. For it is clear that the appropriateness of various policy instruments will vary with the particular circumstances of different societies. For example, a strengthened rural development effort may be entirely appropriate. But it cannot be the single strategy to satisfy the needs of the poorest of the population of a developing country, since a linked and sustained industrial development effort is likely to contribute in many cases to the achievement of general development on a permanent basis. It is therefore important that any actual or potential controversy over "basic needs" as a development strategy should be laid to rest on the basis of the critical distinction between "objective" and "means".

Interdependence is one of the important questions for discussion here. It is thus apposite to note that interdependence is frequently said to be a determinant of increased global economic and other forms of co-operation. But interdependence *per se* is not a new phenomenon in international relations. It was spawned at the dawn of imperialism. Thus its oft-repeated assertion neither creates it nor reveals its quality. Nothing illustrates this better than the growing emphasis by developing countries on the indispensability of devising appropriate modalities for strengthening forms of economic co-operation among themselves. The rationale for such action lies in the imperative, although difficult, requirement of re-ordering the pattern of interdependence which imperialism and colonialism imposed on so many, on its victims no less than on its architects.

It is a truism that not only has the international economic system become more complex but also that there is today a clearer perception of the interrelatedness of issues. The erstwhile attempt to seal some national economies from the influence of external factors is no longer feasible. Naturally, however, capacities to withstand and to cope with adverse external trends depend on the relative internal strengths of different economies, whether they be of the East, the West, the North or the South.

Universal acknowledgement of the reality of interdependence is a necessary, but of itself insufficient, prerequisite for the understanding of its real implications. If we are to ensure a quality of interdependence that is underpinned by notions of justice and equity and that effectively serves mutuality of interests, such acknowledgement must be accompanied by a shared perception of the true nature of that interdependence.

Likewise, as we engage here and elsewhere in the collective search for objective conditions that could better guarantee international peace and security and the rational, structured but unimpeded economic and social development of our respective societies, taking account of the legitimate interests of all of us, we must pay heed to other lessons of history.

Since the emergence of the nation State, the dominant feature determining relations between States has been the reality of power. Usually, logic has been subordinate to that reality. But neither the distribution of power nor the relations between States which power engenders are static. They are different today from yesterday, and will certainly be different tomorrow. A complex matrix directs the vectors for change. What we do at this Conference has an impact on that matrix. This aspect, and other unspoken barriers in negotiation, are not reflected in the conventional wisdom of classical economic analysis.

I have expressed thoughts on some general issues and sought both to avoid repetition and to respect the constraints of time, as the President has urged.

As we set about our tasks at this Conference, we are essentially faced with two options. Change which is not insignificant can come about by osmosis. Nevertheless, is it not possible for us to agree on the need for sponsored systematic change? If we do this, meaningful negotiations for structural change can ensue. Alternatively, we can continue to fluctuate between two parameters. One is that of patience nurtured either by a vision of historical inevitability, or by an investment in the maintenance of the *status quo* through fear of sponsored change. If this is our choice, we will have as a consequence, as recent experience illustrates, an accretion of politically motivated compromises. At the other extreme, we can tread the path of submerged hostility pointing to confrontation.

If goals are clear and are achievable by other means, no one opts for confrontation. But it is manifest that confrontation can be eliminated neither by magic nor by fiat. We can and must work to avoid it, if we genuinely wish to remove misunderstandings. We must broaden the base of shared perceptions and so increase the possibility of consensus building. Yet in the final

analysis we imperil our own efforts if, ostrich-like, we fail to recognize that confrontation is a product of objective reality.

It may be that as a global community we are not yet ready for fundamental sponsored change. Perhaps we of this planetary village are not yet ready to make voluntarily that qualitative leap as a human family envisaged by President Marcos in his opening address. Maybe this task will have to be accomplished by a succeeding generation. But will the clamant demands of many millions of humankind allow us to wait? It seems to me that, faced with the stark imperative of survival, we should act with a sense of urgency if we are to bequeath to succeeding generations a genuinely interdependent

world order free from the traditions of exploitation and domination and democratically managed on the basis of new insights into justice and equity.

We can at this Conference make a decisive contribution to the achievement of that objective. I believe that it was with this hope that we unanimously elected you, Mr. President, to guide our deliberations. For surely your long years of service to the international community and the particular perspectives which you have brought to bear in your public life stand as a beacon of hope to all of us participating in this Conference. My delegation wishes to express its sincere congratulations to you for your election to this lofty and responsible post.

**Statement made at the 157th plenary meeting, on 14 May 1979,  
by Mr. Guy Bauduy, Minister of Trade and Industry of Haiti**

It is with very special pleasure that I join my voice to those of the other heads of delegation who have preceded me on this rostrum to offer, on behalf of the Government of Haiti and on my own behalf, my warmest congratulations to General Carlos Romulo, Minister for Foreign Affairs of the Philippines, on his election as President of the fifth session of the United Nations Conference on Trade and Development.

We have seen and admired the skill he brings to the conduct of debates. We are convinced that, under his wise and firm leadership, our work will result in important decisions which will give a new impetus to the world economy.

Permit me to pay a special tribute to Mr. Ferdinand E. Marcos, President of the Republic of the Philippines, and to Mrs. Imelda Romualdez Marcos, Governor of Metro Manila, for the outstanding organizational arrangements made for this Conference and for the warmth of the welcome extended to us. We wish to associate closely with that tribute the people of the Philippines, whose cordiality and sense of hospitality are a byword.

Our compliments go also to the Secretary-General of UNCTAD, Mr. Gamani Corea, and to his staff, who are once again giving us proof, at this session, of their efficiency and competence.

I should now like to inform you of the views of my country, a member of the great family of the Group of 77, on the items on the agenda and to tell you, in particular, of the concrete results which Haiti expects from the current session of the Conference. For time presses: we can no longer be content with kind words or good intentions. Resolutions are not enough: they must be accompanied by effective measures to improve the subhuman lot of the millions whose eyes are fixed upon us.

As a general comment, an analysis of the various items for discussion suggests three main ideas.

1. The establishment of the new world economic order requires radical transformations in international

economic relations. That is an oft repeated truth, but one that needs to be constantly restated. Those structural changes entail genuine recognition of the responsibilities that fall to each nation, political will to effect the relevant reforms, and the very firm conviction that a certain past is forever over. Just as the underdeveloped countries are being asked to modify their economic and social structure profoundly, which means, in fact, fashioning a new type of man who will be better suited to the exigencies of development, so is it essential that the authorities of the industrialized countries should succeed in convincing their citizens that the nature of international economic relations is changing irreversibly, with all the domestic adjustments that such a transformation necessarily entails.

2. The developing countries are receiving the "fall-out" of the recession through which the Western world is now passing. The pernicious effects of neoprotectionism, the constant worsening of the terms of trade, the imported inflation and monetary instability are all additional burdens that have been inflicted upon the third world countries. By their recourse to facile solutions which are perpetuating this state of crisis, the industrialized countries are severely penalizing the poor nations, despite the fact that the growth and prosperity of the latter are indispensable to the revival of the world economy.

3. The economic interdependence of countries is more than ever an indisputable fact. The international community must be seen as an entity, within which transfers of resources must aim at two priority targets: first, to ensure for all, without distinction, a minimum income above the subsistence level; secondly, to achieve optimum distribution of the means of production according to a new concept of comparative advantage.

The new forms being taken by the protectionism of the developed countries are seriously imperilling the expansion of trade and the success of national development efforts. My own country finds itself confronted with serious problems in this very respect.

Over the last few years, the Government of the Republic of Haiti, with the assistance of international co-operation, has mobilized substantial resources and made numerous reforms with a view to promoting the country's socio-economic development. The investments made represented nearly 20 per cent of the GNP in 1977, while the average per capita rate of growth between 1970 and 1977 was approximately 3 per cent.

These circumstances, and a climate of political stability and social peace, led to the birth and extremely rapid development of a light processing industry geared to external markets and, in consequence, to the creation of tens of thousands of new jobs and to substantial currency inflows.

Unfortunately, our main trading partner, failing to take account of the special nature of our re-export industry or of our position as one of the least developed countries, imposed a quota on our textile exports. This has caused a very marked slowing down of activity in a sector which had been particularly dynamic.

That is a flagrant example of restrictive business practices striking a fatal blow in a key sector which generates employment in a country without natural resources where the process of industrialization has scarcely begun. The situation becomes still more alarming if one bears in mind that our main trading partner is considering reducing its quotas of textile imports and is threatening to invoke against my country, at the very moment I am addressing you, article 3 of the Multi-Fibre Arrangement. Furthermore, when one thinks that neo-protectionism is rampant in the great majority of industrialized countries and affects many of the categories of industrial goods of which my country has decided to promote the production, the future appears very black.

So where are we headed? How shall we finance our imports? How shall we resolve, even partially, the deficit in our balance of trade? How shall we give work to the great mass of the unemployed in the urban areas? Why should we have made so many sacrifices to install an infrastructure, train specialists and create legislative incentives if our efforts at industrialization are to be condemned to failure by non-tariff barriers against which we have practically no recourse?

I shall not reiterate the harmful consequences of protectionism for both the rich and the poor nations. We know them well. Some very pointed studies have been submitted to us on this subject. They all come to the same conclusion: it is indispensable, I would even say vital, for everyone that this trend should be reversed at the earliest possible moment. The President of the World Bank, Mr. Robert McNamara, admirably expressed our common feeling when he said: "The truth is that protectionism is inefficient, counter-productive and ultimately self-defeating."

Three other agenda items have also caught my attention.

It was with satisfaction that my country received the news of the agreement on the fundamental elements of the Common Fund. We consider that the activities of the second window in relation to research, the improvement of productivity, marketing and vertical diversifica-

tion are essential. We were therefore pleased to hear the pledges of voluntary contributions made by countries which are traditionally in the vanguard with respect to co-operation for development. However, much remains to be done if the Fund is to attain its objectives and to become a tool capable of helping producer countries better to control markets. Larger contributions must be obtained and, in particular, every encouragement must be given to the conclusion of further international commodity agreements.

With regard to questions connected with technology, my country is particularly alive to the serious problems posed by the outflow of its trained manpower. For us, the reverse transfer of technology is taking on disturbing proportions, for our human resources are limited and constitute the key factor in our development. The experts' various proposals for curbing the brain drain seem to us to be too vague and too general.

The Government of the Republic of Haiti is justly concerned to offer expatriate Haitian specialists the opportunity of exercising their profession within the national territory. It therefore earnestly requests UNCTAD to devote the greatest possible attention to the study of a set of provisions for application by the United Nations specialized agencies and by other international organizations with a view to facilitating and financing the reintegration, at their level of competence and on equitable terms, of expatriate professionals who desire to return to their country.

The prospects held out by co-operation among developing countries seem to us to be full of promise. This new trend in economic relations, which helps to intensify South-South links and to give effect to collective self-reliance, is perfectly in harmony with the main lines of our foreign policy. On the one hand, we are determined to co-operate with all countries, particularly at a regional level, irrespective of their political and social systems, and, on the other, we are seeking to diversify our range of international partners, in the hope that we will thereby find the impetus necessary for the acceleration of our development.

Having reviewed the agenda items which are of special interest to my country, permit me to address you on the subject of the Haitian delegation's position concerning the situation of the least developed countries in the overall context of the world economy.

Our delegation supports unreservedly, and requests the Conference to promote energetically, the new programme of action for the 1980s in favour of the least developed countries. The full and immediate application of that programme is the most important of the concrete results which we await from this session of the Conference. None of its components should be overlooked. There should be no delay in its execution. The programme forms a whole which, apart from the points to receive "special attention" and "particular effort", aims at stimulating profound and rapid changes in production patterns and in the living conditions of our peoples.

However, if I were to be allowed to carry my thinking further along these lines and to set a target to be reached by the end of the Third Development Decade, I would

propose the establishment of a new international economic order in which the category of least developed countries would disappear. That goal may appear ambitious, but it is perfectly attainable. All that is needed to achieve it is for the international community to decide, in recognition of the economic and political interdependence of the nations of the globe, to set for the world economic system a "minimum income for nations" which might, in the first analysis, correspond to the average per capita product of the developing countries for 1977, and to redeploy the production structures of the industrialized countries towards the least developed countries, with a view to ensuring for the latter countries a more advantageous position in the long term.

It would obviously be necessary to translate into action that far-reaching decision, which would guarantee the least developed countries access to the take-off point beyond which self-sustained growth would be possible.

In fact, I would maintain that, if the recommendations which have been made for the establishment of the new economic order were adopted and the necessary action were actually initiated, the objectives which I have just outlined would inevitably be well on the way to realization.

In that connection, I should like to remind you that, in view of the seriousness of the structural problems facing the least developed countries, the UNCTAD secretariat has recognized that "extraordinary additional measures especially designed to help them, and far more ambitious than past efforts, are plainly needed".

With regard to the world economy, the struggle against protectionist trends, the establishment of a

Common Fund for commodity price stabilization, the improvement of the international monetary system and the establishment of an international code of conduct on the transfer of technology are but so many means to a single end, which is that of enabling all the members of the international community to share in the benefits of world economic progress, progress to which we have all contributed and continue to contribute each day.

Objectors often refer to the disruptions which such structural changes might cause in their economies. But those same economies have absorbed the shock of the oil crisis and, far more significantly, they are continually adapting to technological innovations, which are coming faster each year and which necessitate far more extensive restructuring than would the achievement of the objectives I have proposed.

The work of this fifth session of the Conference, which should lead us to the establishment of a new international economic order, compels us to recognize that the advance of the world economy is dependent on a "more equitable redistribution of income among nations". Will that change come about through co-operation, or through confrontation? On the answer to that question depends the fate of the international community.

The Haitian delegation is convinced that the Conference will be a forum in which such international co-operation will prevail, for the greater good of the peoples of the earth. I can assure you that the Republic of Haiti will contribute positively to the progress of our work and that, faithful to a tradition dating back 175 years, it will discharge conscientiously and honourably the commitments which it assumes for the building of a better world.

**Statement made at the 160th plenary meeting, on 15 May 1979,**

**by Reverend Father Roger Heckel, Secretary of the Pontifical Commission *Iustitia et Pax* of the Holy See**

The cordial and warm hospitality of the people and Government of the Philippines is, for this fifth session of the United Nations Conference on Trade and Development, quite symbolic: efficiency in an atmosphere of humanity. I am happy to express to our hosts the sincere gratitude of the delegation of the Holy See. And I would also convey to you, Mr. President, our very sincere and respectful congratulations on the unanimous confidence which has been placed in you by this assembly. Under your guidance, the Conference, carefully prepared by the Secretary-General of UNCTAD and his colleagues, will certainly give further impetus to the noble cause of development.

The atmosphere of crisis of recent years has once again brought to the forefront the urgency of economic growth. This is entirely justified when we think of the hundreds of millions of men, women and children whose most basic needs are not satisfied and of the hundreds of millions of others who will join them by the end of the century. However, let us take care to avoid becoming prisoners of a logic based too much on

economic criteria. While economic growth determines human and social progress, it does not bring it about automatically; rather, it jeopardizes it—and is itself jeopardized—when as His Holiness Pope John Paul II observed in his recent encyclical *Redemptor hominis*, "the category of 'economic progress' alone becomes a superior category which subordinates all existence to its partial requirements, suffocates man, dislocates societies and ends by itself becoming bogged down in its contradictions and in its excesses" (No. 16, para. 8).

Because the economy involves both human and social affairs, its growth, however urgent and imperative it might be, can be achieved only within the framework of the development of man as a whole and of society as a whole—at every stage. Economic growth, without prejudice to the specific coherence of its objectives and its own means and of the discipline which it requires of all, must itself be situated in the active logical process of the integral development of man and of interdependent nations; it must also in its turn be receptive to this superior logic of decisive impulses and disciplines. The concept

of integral and interdependent development has asserted itself during previous decades, but so far it has penetrated and impregnated economic thought and practices only to an inadequate degree. The urgency of the present situation cannot justify its being set aside, even momentarily. It is not a luxury that is indulged in when times are easy. Its place is at the centre of our discussions. I should like to illustrate this point by four examples: 1. willingness to change; 2. interdependence; 3. the link between development and disarmament; 4. active reconciliation between universal solidarity and self-reliance.

1. If it is not to remain irresolute and half-hearted, willingness to make the necessary adjustments in the commercial, financial and monetary fields must not be based solely on market factors or even on economic factors in general. It is also based on the direct consideration of the essential needs of peoples and of their broader aspirations.

Very authoritative voices have made us mindful in this very body of the major problem of hunger during the coming years. Hunger and the essential needs of man are not always immediately solvable. They do not spontaneously become elements in the workings of the economy. It is the economy which must be transformed to make way for them, not only as indirect and secondary objectives but also as active factors which help to guide and regulate it. Detailed studies are required in order to fecundate economic thought along these lines.

Among the most general aspirations which are bringing pressure to bear on the economy for a review of its behaviour and structures, I shall mention merely the legitimate desire of the young nations to ensure that account is taken, in the economic, financial and monetary institutions of the world, of the consequences of their accession to sovereignty and equality in the international community.

Yes, the economic sphere—like all other spheres of life—must become receptive to a large number of factors for change which seem to come from outside but which in fact emanate from man and can therefore provide it with a valuable source of rejuvenation.

2. My second example was interdependence. In the immediate future, it seems to be obvious from the great majority of statements that the economies of the developing countries are expected to expand further as a result of greater transfers of financial resources and greater absorption of their manufactures, in particular by the markets of the rich countries. In other words, this expansion depends on the rapid recovery of the rich economies, a recovery which it will stimulate and support in return. This mutually beneficial interdependence is certainly desirable. However, it poses two sets of questions which imply that certain important qualitative considerations must be taken into account at the outset if it is desired to avoid the resurgence, at the same time as that of the world economy, of the ills which are sapping its strength, and if it is desired to avoid perpetuating a form of interdependence which, at the present, may be described more accurately as excessive dependence of the developing countries on the industrial economies.

Everyone has the impression that the growth models based on wastefulness and the promotion of consumption are not generally applicable and should, on the contrary, be radically transformed. Here, too, authoritative voices have made us mindful of the serious problem of energy, of the excessive proportion of the world's available resources consumed by the rich economies, and of the dangers threatening the environment. It is therefore vital to turn to development models and, more importantly, towards concepts and ways of life—and here it is obviously the rich countries that should lead the way—which economize nature's limited resources, which on the contrary stimulate the unlimited resources to be found in man himself, and which develop in man the desire to create rather than the instinct of consumption.

The genuine and growing interdependence between rich and poor economies should not conceal from us the excessive dependence of the latter in relation to the former and their dramatic vulnerability to the hazards and errors of the rich economies. That is why the delegation of the Holy See urges that the greatest possible attention should be given to measures likely to ensure greater independence for the developing economies, and particularly to measures to promote their technological development, their collective self-reliance and the establishment of a Common Fund as an instrument of the Integrated Programme for Commodities.

In sum, action should be taken to ensure that the rapid quantitative expansion of the poor economies that must be brought about will not always have to depend on a similar growth in the rich countries. This kind of interdependence would maintain present disparities, perpetuate the domination of the rich countries, lead the entire world economy towards a fatal wastefulness and divert the poor countries from the search for qualitatively new models.

3. My third example was development and disarmament.

The arms race is a direct threat to peace. It also jeopardizes peace indirectly by diverting resources from development, both in the great Powers and in many developing countries.

Several delegations have proposed the establishment of a world-wide fund for development with part of the savings that would be achieved by disarmament. Pope Paul VI had already put forward that idea during his visit to Bombay in 1964. UNCTAD cannot remain indifferent to this problem. It would make a very valuable contribution to peace and to the cause for which it is more directly responsible if it succeeded in having this topic assume a prominent place in the development strategy for the 1980s. It is a topic that deserves detailed study and one that must be examined from two angles: the contribution that disarmament can make to development; and the contribution that can also be made to the cause of disarmament by an international community firmly determined to promote development and thereby to make the absurd arms race more intolerable for world public opinion.



4. I shall be brief with regard to my last example, that of the active and dynamic reconciliation of universal solidarity and self-reliance, two essential concepts that might discredit one another failing such reconciliation.

The universal community of mankind which, for the believer, draws exceptional strength from the certainty of a community of origin, nature and destiny in God, is being built up both within the framework of nations assured of their share of responsible freedom, and in the framework, yet to be created—and this is one of the exciting tasks of our generation—of effective world institutions capable of expressing and promoting the unity of the family of mankind.

This concept of unity in diversity reflects an ethical concept of the relationship of men and nations to material and intellectual assets. These assets have a universal purpose. They must be at the service of all and help to cement unity among men. This universal purpose is achieved actively by two sets of complementary actions: first, the management by each nation, in a responsible manner, of the assets which are more immediately entrusted to it so that it can make them multiply and incorporate them in trade which is beneficial to all; second, the preservation and constitu-

tion, in appropriate ways, of the heritage common to all mankind.

The message which His Holiness Pope John Paul II has addressed to the Secretary-General of UNCTAD proposes, in respect of these points, thoughts which can bring to virtually all the items on our agenda new ideas with multiple ramifications.

The delegation of the Holy See is aware of the complexity of the tasks before this assembly. By helping to situate them in their full ethical and human perspective, it wishes to help to tackle them without subterfuge or dilatory tactics and to find courageous and realistic solutions to them.

To take account of the special nature of the Holy See's participation in this Conference, my delegation will refrain from participating in the work of the group to which the Holy See is geographically attached. This decision implies no judgement with respect to this group. Its sole objective is to facilitate a freer dialogue with all—with all groups without exception—in a spirit of disinterested service, with the determination to contribute to the success of this Conference and to the full and interdependent development of all nations.

**Statement made at the 160th plenary meeting, on 15 May 1979,  
by Mr. István Török, Deputy Minister of Foreign Trade of Hungary**

Allow me first of all to join with those who have preceded me in congratulating you, Mr. President, on your election, and also to congratulate all those who have been elected to the various other Conference Bureau posts. I wish you all great success in carrying out your difficult task, and I take this opportunity to express my warmest greetings to the people and Government of the Republic of the Philippines for their kind hospitality.

Hungary's position in regard to the examination of the proposals on the restructuring of international economic relations is based on the Charter of Economic Rights and Duties of States and on the Joint Declaration by the socialist countries presented to the fourth session of the United Nations Conference on Trade and Development. Hungary lends its political support to any proposal aimed at the effective implementation of the principles contained in the Charter. This includes consolidation of the sovereignty of developing countries over their natural resources, limitation of the activities of multinational enterprises and international monopolist capital, strengthening of control by developing countries over the processing of raw materials, and production and marketing of industrial products.

While providing political support for their just claims, we are striving to build up mutually advantageous economic co-operation with them and to offer them assistance, bearing in mind of course the limits of our resources.

We find it unacceptable to compare the assistance we give to the developing countries with that extended by

the capitalist developed countries. The latter transfer only part of the immense resources that the monopolies have taken and continue even today to take from the developing countries. Some delegations have criticized the aid given by the socialist countries, with the sole aim of diverting attention from the role that capitalist monopolies continue to play in the developing countries. The aid given by the socialist countries, which contributes to the efforts of the developing countries themselves, differs qualitatively from that given by the capitalist developed countries, because it is in keeping with the real development needs of the developing countries.

In our view, efforts exerted at the international level are not enough to achieve real economic independence. Radical internal measures in the social and economic fields in the developing countries themselves are equally necessary, based on progressive forces, in order to eliminate backwardness completely and to fight neo-colonialism.

We are firmly convinced that, without international peace and security and without political and military *détente*, it is impossible to develop international economic relations, and that the preservation of peace is also a fundamental condition for the progress of the developing countries. The reinforcement of military *détente* and disarmament would make it possible to provide more effective aid than at present, and would open up immense prospects for the developing countries.

The crisis of the capitalist economic and monetary system has also unfavourably affected the Hungarian

national economy. Although the system of planned economy and the co-operation achieved within the framework of economic integration of the socialist countries have considerably lessened the effects of these negative factors, the situation of Hungary is adversely affected, *inter alia*, by increases in the prices of raw materials, as well as by protectionist measures and discrimination against it.

Small in size, modestly endowed with natural resources, Hungary, with its open economy, depends to a large extent on foreign trade. More than 40 per cent of its national revenue is derived from foreign trade. Consequently its participation in the international division of labour is of paramount importance. This is why it is in our national interest to keep the markets open. We do not believe that the policy of isolationism is a remedy for the current situation in the world economy. Indeed, protectionism is a remedy worse than the illness itself. We are ready to join in international action aimed at detecting and resolving, with the participation of all parties, the problems concerning protectionist trade restrictions.

With the other socialist countries, Hungary advocates the suppression of trade and economic discrimination politically motivated on the basis of differences in social systems. I must stress in this regard that we are concerned and disturbed by the fact that certain Western European countries, notwithstanding their contractual obligations, continue to maintain severe discriminatory restrictions on Hungarian exports.

The struggle against discrimination practised against the socialist countries is not simply an internal matter between these countries and the developed countries with market economies. It is a question that also directly affects the developing countries. Every measure that reduces our foreign currency earnings reduces at the same time our prospects of increasing our imports from developing countries.

Hungary is endeavouring to expand its economic co-operation with the developing countries still further. The most dynamic factor in our foreign trade is trade with the developing countries, whose share in our total trade has increased twofold during the last four years. Imports of manufactures from these countries have increased particularly rapidly—on average by 20 per cent—over the past 10 years.

We are ready to continue to increase the volume of trade on the basis of mutual interest, to provide technical and scientific assistance, to contribute to the development of the forces of production of the developing countries, particularly in the public sector, to expand the practice of long-term agreements, to increase the efficiency of joint intergovernmental commissions, and to provide assistance to interested developing countries in the formulation of their economic development plans.

We are also making efforts to develop new forms of mutually advantageous co-operation. Among them, let me mention industrial co-operation designed to ensure greater possibilities for exports of manufactures and semi-manufactures, as well as joint undertakings in the production field itself.

Payments for our trading operations with the great majority of our developing country partners are made in convertible currency. Where the clearing system still exists, we are ready to introduce convertible foreign currency payments if our partners so desire.

The generalized system of tariff preferences introduced in Hungary in 1972 has been improved; the most recent revision was on 1 January 1978. At the present time, it includes about 1,500 tariff lines and is applied to 84 countries.

The system of tariff preferences, which covers more than 90 per cent of our imports from developing countries, has greatly helped to increase their exports of manufactures to Hungary.

Further, in accordance with the recommendations of UNCTAD and in the spirit of the Joint Declaration by the socialist countries presented to the fourth session of the Conference, the Hungarian Government also introduced the total duty-free regime for products originating directly from the least developed among the developing countries as of 1 January 1978.

We extend effective assistance to developing countries as far as our means allow in the economic, technical and scientific fields. The most important sphere in which we engage in technical and scientific co-operation is in relation to the training of experts and participation by Hungarian experts in the development programmes of the developing countries. In 1978, we gave training in Hungary, free of charge, to 3,800 experts, and about 800 Hungarian experts are now working in developing countries. In this regard, we attach particular attention to the least developed among the developing countries. We continue to give bilateral credits in order to strengthen inter-country relations, although our balance of payments is tight as a result of the increase in prices of primary commodities.

I would like to emphasize also that the development of our co-operation with the developing countries does not depend solely on us; it also depends on them. Regarding the detailed programme of development of Hungarian co-operation, contained in the Arusha Programme, we are ready to examine the proposals set forth in it and to conclude agreements, on a realistic basis, taking into account mutual interests and possibilities, the philosophy of the socialist countries in regard to the expansion of relations and, it goes without saying, the progress achieved by the Conference in other spheres.

Hungary has participated in the multilateral trade negotiations conducted by GATT. It has supported the reciprocal reduction of tariff levels, the suppression of non-tariff barriers and the elimination of discriminatory measures. We note with regret that, in spite of the clear-cut objectives, the results of the negotiations have fallen short of our expectations and that this round of negotiations has not made sufficient progress in regard to equitable access to the agricultural markets of EEC. In this matter, renewed efforts will still be necessary.

As a planned-economy country that imports raw materials, Hungary is greatly interested in the general

stabilization of markets for raw materials, the prevention of exaggerated price fluctuations and the stabilization of supply of primary commodities. Nevertheless, it is with a certain apprehension that we see the stabilization element being relegated to the background in relation to other aspects not related to stabilization efforts.

My Government will state its position definitively on the subject of its participation in the Common Fund once agreement is reached on all articles of the international legal instrument establishing the Fund and once the Hungarian authorities have considered them thoroughly.

**Statement made at the 147th plenary meeting, on 8 May 1979,  
by Mr. Mohan Dharia, Minister for Commerce, Civil Supplies and Co-operation of India**

Permit me at the outset to felicitate you, Mr. President, on your election to this high office. I am sure that your wisdom, long experience and leadership will play an important role in ensuring that our deliberations here are crowned with success. I also congratulate the other members of the Bureau on their election.

Permit me also to express my deep appreciation of the warm welcome accorded to all of us by Madame Marcos, on behalf of Metro Manila. We are grateful for the excellent arrangements that have been made by the Government of the Republic of the Philippines for hosting the Conference and for our stay here, and have been touched by the cordiality and hospitality with which the people of this great country have received us. I would like to convey through you, Mr. President, the greetings of the Government and the people of India to the Government and the people of the Philippines.

I would also like to express the thanks of my delegation to President Marcos for inaugurating this Conference. In his inspiring address, he has touched upon the most fundamental problems plaguing the world economy and the human approach which the Conference should adopt in trying to find possible solutions. I hope that in the coming weeks these sentiments will inform our proceedings. We have also had the benefit of hearing the thought-provoking address of the distinguished Secretary-General of the United Nations. He has drawn attention to the critical issues before the international community and the contribution that UNCTAD can make towards their resolution. The Secretary-General of UNCTAD in his statement has presented a comprehensive and forceful analysis of the present situation and outlined the directions in which the discussions at this Conference could be usefully channelled.

While we meet in this beautiful city of Manila, the world is in a state of turmoil and travail, much of it the result of the inequities and disequilibria that characterize the present economic order. It is five years since the General Assembly adopted the Declaration and the Programme of Action on the Establishment of a New International Economic Order, but the movement

Hungary is ready to contribute to the work of UNCTAD so long as it remains in conformity with the principles and organization laid down in General Assembly resolution 1995 (XIX).

The Hungarian delegation will examine any proposals presented to the Conference, including the Arusha Programme, in the light of the preceding considerations. I hope that the resolutions adopted by this Conference will create a propitious framework for intensifying international co-operation. You may rest assured that in a spirit of international co-operation the Hungarian delegation will participate actively and constructively in the work of the Conference.

in furtherance of this objective has been tardy and sporadic. The fundamental problems besetting the world economy remain unresolved and the new international economic order is still elusive. In the meantime, the situation of the developing countries has continued to deteriorate. Understandably, this has given rise to feelings of dissatisfaction and frustration; it has also led to a sense of impatience and urgency. The time has therefore come to take stock of the situation, to reassess our strategy, and to refashion the framework to be adopted for achieving our objectives. This onerous task is the responsibility of the Conference at its fifth session. We have come to this session in the hope that we shall be able to chart out new directions of policy and agree upon concrete and concerted steps for reaching our common goals.

Continued inflation coupled with stagnation and high rates of unemployment, persistent problems of imbalances in international payments, instability of exchange rates, the disintegration of the rules and principles governing international economic relations and, above all, the widening gap between the developed and developing nations—all these underline the fact that the problems of the world economy are of a basic and structural character. The breakdown of the international economic system which we have witnessed in the recent past has had its most severe impact on the developing nations. The growth rate in world trade declined from nearly 9 per cent until 1973 to half that rate during the period 1973-1978. The deceleration was accompanied by a deterioration in terms of trade against the developing countries, by a simultaneous intensification of protectionist measures affecting exports of their manufactures and by a tremendous increase in their burden of indebtedness. The impact of these trends on the oil-importing developing countries has been particularly severe. Furthermore, the future prospects for developing countries, even for those with a diversified export structure, do not appear to be at all promising. We do not believe that these problems are amenable to piecemeal solutions. They demand a basic restructuring of the world economy, a demand which needs to be met and can no longer be ignored or resisted. We must, at this Conference, take determined steps to tackle the ma-

for questions before us, find agreed solutions and resolutely implement them.

The policies pursued by developed countries in the areas of trade, development, money and finance have not adequately recognized the interdependence of these issues, with the result that positive measures taken in one field have often been nullified by inconsistent actions in others. Thus, while attempts have been made through the introduction of the GSP to promote the trade of developing countries, these countries have been denied the opportunity of reaping the full benefit of this measure because of the protection afforded to uncompetitive sectors in developed countries. Likewise, the object of international resource transfers to developing countries, admittedly inadequate, has been defeated through adverse changes in their terms of trade. Again, the transfer of technology, skills and finance to developing countries for assisting their industrialization has been jeopardized through protective trade policy measures. The environment for investment and development is adversely affected by constantly fluctuating exchange rates. These conflicting policies have greatly frustrated the development efforts of developing countries. In so far as such problems have affected the developed countries, attempts have been made to discuss them and take appropriate decisions, but such decisions have largely ignored the main problems afflicting the developing world. It is necessary to impart a universal character to the process of consultation. In considering, therefore, structural changes in the economic system, it would be essential to set up a mechanism under truly international auspices which would ensure continuous formulation and co-ordination of mutually supportive policies in different sectors having an impact on growth in the developing countries. It is in this context that we strongly favour the establishment of such a mechanism within UNCTAD for an in-depth examination by high-level experts as well as for periodic consideration at a political level.

A feature of the present system which has been disruptive of the long-term growth process in developing countries is the increasing recourse to *ad hoc* and short-term expedients in preference to the adoption of long-term measures which would help to create an equitable system more responsive to their evolving needs. Another serious weakness of the system has been the minimal role which the developing countries have in the decision-making process. It is inconceivable that we can make meaningful progress in creating a new international economic order aimed at bettering the lot of the developing countries without their active involvement in the processes which would usher it in. Major decisions relating to policies of growth, control of inflation, demand management, trade policy and monetary problems affect the developing countries directly and ought not to be taken without their full participation. We view the democratization of the process of international decision-making on all economic issues as a central element of the new international economic order.

The Nairobi session of the Conference set in train intensive negotiations in areas of concern to developing countries, namely, commodities, indebtedness and

transfer of technology. After three years, although some progress is visible in these areas, many important issues still remain to be resolved. The recent agreement on the fundamental elements in the establishment of a Common Fund is a step forward. It is to be hoped that the details of the Fund will be so designed and its operation so regulated that the Fund really becomes an effective instrument for restructuring international commodity markets and promoting the commodity trade of developing countries as envisaged in the Integrated Programme. We also trust that the Fund will be endowed with enough flexibility for modifications to be made, including in its capital base, to meet its emerging requirements consistent with the vital role it has to play. We attach great importance also to the activities of the Fund which relate to measures other than bufferstocking. As a measure of its support, India would be willing to make a voluntary contribution to the Fund's second window. We do hope that all developed countries will come forward with substantial contributions to enable the Fund to function effectively, and trust that it will be possible to set it up by the end of this year.

I must, however, express at this stage our acute disappointment at the very slow progress in the conclusion of commodity agreements, especially those relating to some of the weak commodities produced by the poorer countries. It has been a most distressing experience to discover at some of the preparatory meetings that even the undertaking of studies in relation to problems besetting commodities has been opposed and that, sometimes in the face of self-evident data, the very existence of commodity problems has been denied. There is a need for a more constructive attitude on the part of the developed consuming countries to the whole issue of commodity agreements. I hope that, with the Common Fund coming into being, renewed efforts will be made to conclude commodity agreements within the shortest possible time and in conformity with the objectives of the Integrated Programme.

One of the most important areas where the hopes and aspirations of the developing countries are yet to be fully realized is the reform of the world trading system. The multilateral trade negotiations have now reached a stage of near-conclusion. While it is perhaps too early to evaluate fully the results of these negotiations, it is clear that they do not adequately reflect the concerns of developing countries. We must express our particular concern at some of the obvious and glaring shortfalls, particularly in the field of safeguards, quantitative restrictions and the nature and extent of tariff offers. Certain concepts have been sought to be introduced in the safeguards code, such as selective application, which would basically be used as a barrier to the exports of developing countries. In fact, it seems to us that one of the cardinal principles in the new trading system has to be that no developed country shall place the trade of a developing country at a disadvantage compared to the trade of another developed country. We would consider the results of the negotiations as totally inadequate unless an objective and transparent safeguards system subject to strict surveillance emerges from them. Similarly, we are concerned that in some areas there are two codes emerging—one having the support of developing countries and the other largely subscribed to

by the developed world. Surely, two such systems cannot be envisaged and they need to be harmonized. We are disappointed also that there have been no solutions to the quantitative restrictions faced by the exports of developing countries, especially in sectors in which they have acquired competitive capability. Discriminatory restrictions in the textiles sector were not even discussed in the negotiations. These sectors have also by and large received minimal tariff cuts. In our view, this Conference should decide that these deficiencies should be made good before the negotiations are formally closed.

A matter of very serious concern is the increase in protectionist measures adopted by the developed countries, especially against the exports of developing countries. The list of products facing such restraints is growing ever longer, and the manner of imposing such restraints is assuming newer forms. It is indeed amazing that this should happen when exports of manufactures by developing countries to developed nations account for only 7.5 per cent of the latter's total imports, and hardly 2 per cent of their consumption of such manufactures, and that too when developed countries find outlets for 30 per cent of their exports of manufactures in developing countries. Such protectionist devices are sought to be justified on the plea of protecting domestic employment. But what about the impact on employment in the developing countries? For every job retained in developed countries, many more are lost in the developing countries. The conscious pursuit of such policies raises doubts about the very commitment of those pursuing them to the establishment of an equitable economic order. Besides, one can well imagine the counter-pressures for action that such a situation is bound to evoke in developing countries. What is more, the continuance of such protectionist policies would not only inhibit non-inflationary growth and efficient redeployment of resources but would also go against the very interest of the developed countries themselves. The developing countries constitute an important market for the products of the developed countries, but their capacity for absorption would be severely eroded if their export earnings were curtailed through protectionist action. It is incomprehensible that developed countries should continue to persist in such measures, which not only disrupt the efforts of developing countries to improve the well-being of their people but also jeopardize their own interests. In our view, the only constructive approach to these problems is to accept and adopt policies to induce positive adjustment. We note that the Ministers of the OECD countries have reiterated their commitment to an open multilateral trading system and reaffirmed their readiness to adjust to changes in the pattern of world production and trade. We seek at this Conference to establish a framework within UNCTAD in which negotiations may be conducted on the policies that need to be adopted from time to time to facilitate such positive adjustment before the forces of protectionism gather further momentum in the developed countries. To us, this is one of the key issues before this Conference and an area in which we would hope to see concrete evidence of the requisite political will.

Technology is one of the key levers for transformation of developing countries. Such transformation can be brought into being only if those with greater

technological capabilities display a readiness to assume their international responsibilities and obligations. We trust that this Conference will resolve the issues that have hitherto stood in the way of a successful finalization of the international code of conduct on the transfer of technology. India, for its part, will be prepared to play a positive and constructive role in this process.

The reform of the present monetary system and a massive transfer of real resources to developing countries on concessional terms are some of the essential prerequisites for a structural transformation of the present system. The monetary system should be so designed as to promote the expansion of world income, employment and trade, particularly of the developing countries, the preservation of the real values of their reserves and export earnings, the creation of a favourable climate for growth and investment and the provision of necessary financing in favour of developing countries. In the field of resource transfers, it is essential that we should adopt mechanisms which would ensure their continuity, augment their volume and improve their quality, with special attention to the needs of low-income developing countries. I would urge the developed nations to take positive steps towards binding commitments so as to reach the international target for ODA, whose fulfilment is now confined to only a handful of nations. It has been widely recognized that a substantial and sustained increase in transfer of resources to developing countries would also enable the utilization of idle capacity in the developed countries and thus contribute to additional employment and income generation in both developed and developing countries. On the subject of resource flows, I would like to emphasize the importance of putting periodic replenishment of the resources of IDA on a secure and predictable basis. It is of paramount importance to all low-income developing countries that the sixth replenishment of IDA should result in a sizeable expansion of its resources in real terms. The establishment of a link between the creation of SDRs and development finance is also of special significance to developing countries. In the field of debt, while some donor countries deserve our commendation for having taken action to cancel past ODA debts to all low-income countries, we hope that others will implement the resolution of the ninth special session of the Trade and Development Board in its true spirit. We think that this Conference has a responsibility for formulating appropriate parameters for a comprehensive programme for international monetary and financial co-operation which would revive and strengthen the growth impulses in the world economy.

While the developing countries may legitimately look to the developed world for understanding and assistance in creating a system of international economic relations that would promote their growth, the primary responsibility for their development rests with the developing countries themselves. The period following the fourth session of the Conference has witnessed important initiatives in economic co-operation among developing countries: at the Fifth Conference of Heads of State or Government of Non-Aligned Countries, at Colombo, and at the Conference on Economic Co-operation among Developing Countries, at Mexico. And now,

the Programme for Collective Self-Reliance that has emerged at Arusha can be truly regarded as a significant advance in this direction. This Programme should be viewed as a part of the global process for achievement of the new international economic order. The Programme is also a means for correcting such distortions as have arisen on account of historical factors. The opportunities now available to developing nations to take advantage of complementarities in their economies for promoting economic relations among themselves need to be fully exploited, not only in their own interest but also in the interest of the global economy as a whole. At this Conference we are seeking the support of the international community, including the international institutions, for this effort and we do hope that this will be unstintingly and unhesitatingly extended.

India for its part is willing to make a full contribution to these efforts. We propose that a fresh round of tariff negotiations among developing countries be launched and we would be willing to participate on the basis of up to 50 per cent tariff concessions on selected products of interest to developing countries and having a substantial trade coverage on a mutually advantageous basis. Preferences would also have to be extended to non-tariff sectors and new mechanisms devised for translating the improved access into additional trade flows. Whatever technological capabilities we have acquired we are willing to share with other developing countries. We are already providing and would be prepared to expand facilities for training personnel from developing countries in our various institutions. There are over 100 Indian joint ventures functioning in other developing countries in the fields of engineering, chemicals, construction and consumer goods, and others are in the process of being set up. Our firm policy is that joint ventures, wherever they exist, should be symbols of friendship and co-operation and should not be permitted to become centres of exploitation. Moreover, they should also fit into the development priorities of the host countries and contribute towards strengthening their industrial base.

In formulating and implementing such programmes, special care needs to be taken of the problems of the least developed countries. A comprehensive framework which will facilitate the building-up of adequate infrastructure, technology and production capacity, both in agriculture and in industry, is an urgent requirement. We are prepared to contribute to these efforts.

UNCTAD has played an important and synthesizing role in generating ideas, in facilitating discussions, and in the conduct of negotiations in a wide area of

economic issues relating to international policy. We feel that the negotiating as well as deliberative functions of UNCTAD should be fully recognized and its central role within the United Nations system on matters of international economic co-operation reaffirmed. We trust that positive steps will be taken to provide UNCTAD with the necessary tools and resources and to endow it with the requisite flexibility to discharge effectively these important functions.

In a large measure, the increasing role which UNCTAD has assumed in the negotiating sphere has been due to the initiatives taken before and after the Nairobi Conference by Mr. Gamani Corea, the present Secretary-General of UNCTAD. I would, on behalf of my country, like to take this opportunity to record our appreciation for his untiring efforts.

What is the real purpose of this Conference? The concern which we all share essentially arises from the vast divergences in the levels of well-being, the enormous poverty and the massive unemployment that prevail in different parts of this earth, which is our common heritage. Unless the living standards of the vast majority of the peoples of this world are raised so that they can live in dignity and honour, there can be no stable foundation for peace and tranquillity. We have gathered together in the past at different forums to discuss these vital issues. Unfortunately, there has been much talk but little action. An indefinite continuance of this exasperating and largely fruitless exercise has now become intolerable. The time has come, therefore, for taking concrete steps and it behoves us all as representatives of the world community to devise at this Conference positive measures for the realization of our goals in a time-bound manner.

We are on the threshold of a new decade during which many of the relationships which obtained in the past will inevitably have to change. It is up to us at this Conference to decide whether this change should come about smoothly with the co-operation of all countries or should be forced through a long and painful process of reluctant adjustment. Let us not forget, while making this choice, that millions of people are looking to us with great hope and expectation. On the decisions we make will depend the future of the youth of today. We are in the process of making history. I trust that, in the true Manila spirit, we shall be able to look back upon this Conference as having made the right choice and thereby helped to establish the new international economic order and to fulfil the cherished dreams of all mankind.

**Statement made at the 148th plenary meeting, on 8 May 1979,  
by Mr. Widjojo Nitisastro, Minister Co-ordinator for Economic, Financial and Industrial Affairs of Indonesia**

I have the privilege of directing my opening words to you, Mr. President, to tell you how pleased the Indonesian delegation is to see you preside over our deliberations. Knowing your pre-eminent stature in world affairs and your vast experience in international diplomacy, we are fully confident that under your

leadership we shall indeed achieve solid progress in our work at this Conference.

As a close neighbour and fellow member of ASEAN, Indonesia shares in the Philippines' sense of pride at having been chosen to host this fifth session of the



United Nations Conference on Trade and Development. We therefore equally and gladly assume our share of responsibility by pledging our fullest support and co-operation to you in the discharge of your lofty mandate.

At the outset, I would like to express our deep appreciation for the warm words of welcome so graciously extended to us all by the First Lady, Mrs. Imelda Romualdez Marcos, Governor of Metro Manila and Minister of Human Settlements of the Philippines.

I would also like to pay tribute to President Ferdinand E. Marcos, whose brilliant inaugural address yesterday inspired us all and gave us valuable guidance at the very start of our proceedings.

We have also heard an important statement from the Secretary-General of the United Nations, Mr. Kurt Waldheim, who once again demonstrated his deep commitment to the building of a new world of peace and justice, and to the reign of equity in international economic relations.

Last, but certainly not least, I wish to convey my deep appreciation, as well as that of my Government, to Mr. Gamani Corea, Secretary General of UNCTAD, for the significant contributions he and his able associates in the secretariat have consistently made to the development of new concepts and orientations in North-South relations. I wish to make special mention of his report to the present session of the Conference, in which he has elaborated for us, with impressive clarity and coherence, the correct framework and theme of our Conference.

Indonesia believes that the restructuring of the international economic system cannot but be the relevant and urgent concern of our present session.

Although the need for structural change is being recognized, also by the developed countries, very little concrete progress to bring about such a change has been made in international negotiations. For too long we have been skirting the basic issues; for too long we have been engaged in attempts at piecemeal reform, by extending aid, by making a few more trade concessions here and there, or by relieving some of the most acute debt burdens of the developing countries. Yet all are agreed that the solution of the severe crisis at present afflicting the world economy will require more than these *ad hoc* approaches, whatever temporary benefits they may provide to individual countries. Hence the growing sense of frustration and impatience which is pervading the North-South dialogue in the various forums where it is taking place.

It is of course true that the agreement on the fundamental elements of the Common Fund, reached in Geneva only a few weeks ago, has provided a welcome breakthrough in this respect. It is an important first step towards the restructuring of international commodity trade. It will undoubtedly exert a positive influence on the general climate of our present meeting. That agreement alone, however, will not suffice to dispel the deepening concern of the developing countries at the way and the direction in which the international economic situation, and the relations between developed and developing countries within it, are evolving at present. Indeed, much more needs to be done

soon, especially by the developed countries, to translate the growing awareness of the need for structural change into positive and concrete policies and measures.

In this context, I would like to stress the mutual value to both developed and developing countries of effecting fundamental changes in the prevailing patterns, modalities and institutions of international economic relations. Clearly, the persistent crisis of the global economy cannot be regarded as a cyclical phenomenon. It must be recognized as being symptomatic of a deep-seated malfunctioning and imbalance of the system itself, requiring its fundamental and structural reform. Surely there must by now be greater realization that solutions to the continuing problems of recession, unemployment and inflation in the developed countries, and to the problems of growth in the developing countries, cannot simply be premised on the economic recovery and the revived prosperity of the industrialized world alone.

Interdependence must mean, and indeed is increasingly shown to be, a two-way street. The developed countries no less than the developing countries will benefit from greater stability and equity in commodity markets, from a freer flow of global trade and from more soundly structured monetary and financial systems. In addition, they will certainly stand to benefit from the accelerated growth and increased prosperity of the developing countries. That is, they will gain in terms both of enlarged markets for their exports and of enlarged markets for their imports and of steadier supplies of essential raw materials.

The proposal to restructure the international economic framework, far from being a call for ever greater charity from the rich countries, or an exercise in supplication by the poor, can thus be seen to be a requisite in which both have a vital stake.

The process of structural change, however, must also reflect the need of the developing countries to be in greater control not only of their own natural resources but also of their very destinies as sovereign nations, and to increase their participation not only in the decision-making processes of the international economy but also in the mechanisms and systems that determine the course of future developments. Moreover, it must entail a recasting and the continuous adaptation of the principles and conventions, the "rules of the game", which have so far governed international economic relationships. Without that, the preservation of their continued relevance in a rapidly changing world would be impossible.

Finally, to be effective, structural change must encompass all the major aspects of the international economic framework, and hence all the interdependent issues in the fields of trade, money, finance and development.

Looking at the comprehensive range of items on our agenda, I believe there is no timelier opportunity nor better forum for us to resume our joint efforts towards these ends than right here and now at this fifth session of the Conference.

In the field of international commodity trade, I have earlier cited the agreement which was reached on the

fundamental elements of the Common Fund. It has indeed shed some lustre on the otherwise bleak horizon of achievements of the North-South dialogue. Even so, there should be no room for complacency. Much work still needs to be done in drafting and negotiating the actual articles of agreement of the Fund. After the strenuous efforts that have been expended to reach the present stage, we owe it to ourselves to make sure that the Interim Committee completes its assigned task in time for the reconvening of the Negotiating Conference before the end of 1979. All of us should therefore continue to exert our utmost efforts in order to bring about the early establishment of the Common Fund as one of the key elements of the new international economic order.

My Government indeed regards the agreement on the fundamentals of the Common Fund as a significant first step in our efforts to restructure the international commodity markets. For, when eventually established, the Fund will represent a major institutional innovation on the international economic scene. Even more important, however, will be its other substantive dimensions, not the least of these being the agreed operations of a second window, not only to finance measures other than stocking but also to perform a co-ordinating role in the commodity field in respect of the activities of other international financial institutions.

As a measure of the importance which my Government attaches to this particular function of the Common Fund, and in compliance with resolution 1 (III) adopted by the Negotiating Conference at its third session, I take pleasure in stating Indonesia's readiness to pledge its voluntary contribution to the resources of the second window. This contribution will be over and beyond that part of our minimum equal contribution to the Common Fund which will be allocated to the second window. It is my sincere expectation that other delegations, especially from the developed countries, will be able to indicate similar material support during the present session of the Conference.

It is to be hoped that, now that basic agreement has been reached on the Common Fund, the discussions and negotiations on individual commodities under the Integrated Programme for Commodities can henceforth enter into a more productive phase.

My delegation cannot but express its profound dissatisfaction with the slow pace of progress in advancing the preparatory meetings on individual commodities to the stage of actual negotiations. There is an urgent need, therefore, to convene, as soon as possible, negotiating conferences on commodities for which preparatory work has progressed sufficiently, with a view to concluding international price stabilization arrangements and other measures, within the extended time-frame of the Programme. The establishment of a Common Fund will prove a hollow exercise indeed if efforts on the parallel track of individual commodity negotiations continue to show such meagre results.

The Integrated Programme for Commodities does not merely comprise measures designed to achieve the dynamic stabilization of commodity prices. The Programme has other elements of crucial importance, elements which so far have hardly been given the atten-

tion they deserve. Compensatory financing to stabilize the commodity export earnings of developing countries is one such element. Local processing and product development is another. The need for developing countries to enhance their share and position in the marketing, distribution and transportation of products is yet another vast area of vital consequence to their interests. All those elements are aimed equally at the very core of structural change in international commodity trade. My delegation believes that it is to these aspects of the Programme that this Conference should turn its major attention and effort, so as to expedite the implementation and integration and ensure the mutual complementarity of all available measures within the Programme.

Another subject to which this session should direct its particular attention is the deeply disturbing trend towards a new protectionism in the developed countries.

At the fourth session of the Conference, in Nairobi, the question of access to markets in developed countries for the manufactures and semi-manufactures of the developing countries and the need to restructure the patterns of trade and production in this field were dealt with exhaustively. The solutions proposed therefor were subsequently detailed in a comprehensive action programme. Far from having been implemented, this action programme is now in danger of being negated by the wave of protectionist policies recently resorted to by the major developed countries.

My delegation, of course, understands the pressures with which Governments of the developed countries have to contend in the face of domestic recession and unemployment. We are even inclined to believe the protestations of some of those Governments that the measures in question are only temporary and that they continue to subscribe to the principle of an open world trading system. However, in view of the serious implications of this phenomenon for the future pattern of world trade and industrial development, and of the risk that this trend—if unchecked—will move beyond our control, there can be no grounds for any complacency.

It is clear that these protectionist measures are not only seriously impeding the exports of the developing countries but also constitute a major obstacle to one of the basic objectives of the international development process: the industrialization of the developing countries. In this context, it should be noted that new protectionist devices by developed countries against developing countries are now spreading even to the services sector, particularly in transport. My delegation wishes to express its special concern over recent policies in the field of civil aviation, introducing a new regime of air traffic between points in developed countries which excludes stopovers in intermediate developing countries. There is no doubt about the serious effect such discriminatory practices will have on the interests of the developing countries in the field of air transport development and tourism. Protectionism, however, is a self-defeating exercise for the developed countries themselves. By closing off prospective markets and thereby restricting the earning capacity of the developing countries, the developed countries are at the same time reducing the purchasing power of those countries

and, hence, their capacity to import capital goods and services from the developed world.

The answer to this compounded problem, therefore, does not lie in the perpetuation and intensification of protectionism in order to shelter ageing and inefficient industries from competing imports from developing countries. On the contrary, the problem needs to be attacked at its roots. The patterns of trade and industrial development in the world are in the process of irreversible change. Consequently there is an objective and urgent need for the developed countries to adapt and readjust their economies accordingly. In fact, the developing countries too share a vital interest in this process of structural change and adaptation. Both have a common stake, therefore, in the formulation of measures and guidelines that would ensure a dynamic as well as an orderly process.

As regards the multilateral trade negotiations, which were officially concluded on 11 April 1979, my delegation notes with deep regret that, after more than five years of hard work and negotiation, they have failed to achieve the results envisaged for the trade of the developing countries in the context of the declared objectives and principles of the Tokyo Declaration. The additional benefits for the international trade of the developing countries which should have emanated from the negotiations can hardly be identified.

We therefore urge the countries participating in the negotiations to continue them in the relevant trade forums until the objectives and commitments contained in the Tokyo Declaration, particularly those relating to the problems of the developing countries, are fully realized. I should further like to emphasize that no codes or rules affecting the trade of the developing countries should be adopted as result of the trade negotiations without the consent of the developing countries.

In no other aspect of the international economic framework is the need for concerted action as urgently felt as in that of money and finance. Yet it is here that efforts at structural and comprehensive change have met with the greatest resistance on the part of the developed countries.

Meanwhile, continuing disarray in the international monetary system, marked *inter alia* by unusually high and persistent inflation and severe instability in the exchange rates of major currencies, are adversely affecting developed and developing countries alike. Both have a common interest, therefore, in a drastic reform of the international monetary system in order better to ensure the enhancement of world trade and development, while taking fully into account the development requirements of the developing countries.

Consequently renewed attention and effort should be given to this vital issue, and negotiations in the appropriate forums should be revived. Admittedly, such negotiations cannot take place at this session of the Conference, but I am confident that we could at least make a significant contribution to them here. We should outline the basic requirements and main elements for such a reformed system.

Another major aspect of finance requiring our serious consideration is that of the flow of resources, both official and private, to sustain the momentum of development in the developing countries. The Arusha document calls for a new impulse on a historic scale to inject a massive transfer of resources to the developing world. Such a significant flow would not only help to meet the needs of the developing countries but would also give the needed boost for the revival of the growth process in the developed countries and the world economy in general.

Against a background of such expectations, the continuing failure of some major donor countries to meet even the agreed 0.7 per cent target for ODA cannot but raise questions as to the degree of political commitment of those countries to the achievement of the goals of international co-operation for development. Still, it is encouraging to note that a number of developed countries have already achieved this target and even surpassed it. We also welcome the fact that the World Bank is now enabled to increase its capital base, and we look forward to an early replenishment of its "soft" window. We therefore continue to expect more positive progress on the part of the larger donor countries, as well as of some of the socialist countries of Eastern Europe, in augmenting their share of concessional flows.

Private flows, supplemental to ODA, have recently become an increasingly important source of finance. While acknowledging the need for such private flows, my delegation would like to stress that they should not in any way undermine the rationale and the targets set for concessional flows. In order that this source of finance may be tapped in such a way as to meet the development needs of developing countries while taking their debt servicing capacity fully into account, it is important that a number of innovative schemes be introduced: for instance, interest subsidies, co-financing, multilateral guarantee facilities and easier conditions for access to international capital markets.

The question of financial flows leads us to the problem of debt management. It is with satisfaction that we cite the progress made at the third (ministerial) part of the ninth special session of the Trade and Development Board, in March 1978. At that session, a number of developed countries took steps to alleviate the ODA debts of some of the developing countries, especially the least developed among them. However, a much more difficult task, and one of a more structural nature, still awaits us: the negotiation of an internationally agreed framework of principles and procedures to guide the future treatment of debt problems of the developing countries. My delegation attaches great importance to this aspect and hopes that prospects for agreement on this issue are now more favourable.

The concept of collective self-reliance is now being accepted, even in the developed countries, as indispensable for any global strategy leading towards a new international economic order.

On the agenda of our Conference, this concept, or rather ECDC as its main vehicle of expression, is featured as one of the major issues of central concern to the restructuring of international economic relationships. This is so because of the clear interest the

developing countries have in ECDC as a means of reducing their present dependence on the industrialized countries and of recasting their relationship to those countries accordingly. Equally important, however, is the growing realization that ECDC, being the key to the establishment of new and expanded trade and co-operative relations among the developing countries, will in turn provide additional stimulus to the process of development and growth of the world economy as a whole. Clearly, this will yield corresponding benefits to the developed countries as well.

It is for these reasons that ECDC ought rightly to become one of the priority issues of the fifth session of the Conference, meriting the full co-operation, assistance and, where relevant, substantive support of the developed countries, as well as of UNCTAD and of the other units of the United Nations system.

The special problems and needs of the least developed, land-locked and island developing countries represent an area to which this Conference should direct its particular attention. In fact, concrete decisions in this area could become one of the most important results of the Conference, as they would constitute a most timely reaffirmation of our commitment to the basic issues of international development. My delegation therefore strongly recommends the adoption of the proposals of the Group of 77 as contained in the Arusha document.

It is obvious that our efforts to remedy the inequities and imbalances of the present international economic framework cannot end at the identification of problems and the definition of policies and measures for their solution. Restructuring must inevitably encompass the required institutional changes and adjustments as well.

Indonesia therefore attaches great importance to the proposals aimed at strengthening the role and functions of UNCTAD. This is especially so in the light of the growing preoccupation of the world community with issues of international development and co-operative relations between developed and developing countries.

These North-South issues are increasingly engaging Governments in conferences and meetings up to the

highest levels. They are also moving from a phase of broad generalities and debate to a phase of greater specificity, requiring intensive negotiations and the adoption of complex and detailed agreements and decisions.

This evolution has inevitably had an impact on the functions and activities of UNCTAD which, especially after Nairobi, has indeed become the principal negotiating instrument of the General Assembly in the field of trade and international economic co-operation for development.

My delegation believes that recognition of this role should now be expressed concretely, by a decision to equip and assist UNCTAD accordingly, so that it would be enabled to perform its functions as effectively as possible. UNCTAD should therefore be provided with sufficient resources and be given enough flexibility in its methods of operation to be commensurate with its evolving role.

The past few years have seen a series of global consultations and negotiations on issues of international economic co-operation of a scope and intensity unprecedented in human history. Yet, while they have been years of great activity and rising expectations, they have yielded very few agreements on any of the fundamental issues. For the developing countries of the Group of 77, therefore, they have become years of deepening disillusion and rising frustration.

If the North-South dialogue is to continue, as it must, because it is the only way to move peacefully towards a just, rational and more humane world, then it needs to be sustained by concrete results and positive action. For this, a reinforced political will and a new global vision are urgently required.

It is my hope that at this fifth session of the Conference we shall indeed be able to find these qualities and to arrive at decisions that will restore the confidence of the world community in the very concept of international co-operation for development.

The fifth session of the Conference, at Manila, would then truly herald the dawning of a new and more promising decade.

**Statement made at the 156th plenary meeting, on 11 May 1979,  
by Mr. Cyrus Ebrahimzadeh, Deputy Minister, Ministry of Economic Affairs and Finance of Iran**

The expressions of thanks to our host country and congratulations to the President and the Bureau of the Conference by previous distinguished speakers, as well as their statements of appreciation for the messages delivered, have left my delegation with no further scope to make a contribution in this respect. Consequently, in compliance with the ruling of the President and for the sake of brevity, while heartily associating my delegation with those genuine expressions, I shall refrain from repeating them, knowing full well that such statements, no matter how eloquent, will never suffice to express our true and profound sentiments concerning the warm and friendly hospitality that has so generously been accorded to us.

The delegation of Iran attends this session of the United Nations Conference on Trade and Development with a particular feeling of attachment and a genuine sense of commitment to the noble aims of UNCTAD. We participate in the deliberations of this session with deep conviction in the objectives and aspirations of the third world, which are reflected in the Arusha Programme for Collective Self-Reliance and Framework for Negotiations. Our total solidarity with the Group of 77 is strengthened by the painful experiences which Iran has undergone in past years as a result of an inequitable system of international economic relations based on exploitation and neo-colonialism. Through the economic domination of the developing world by the

developed countries, this system has ensured that the interests of the latter are kept intact and promoted wherever possible. The former regime of Iran, which drew its strength from the support and protection of neo-colonialist agents, put the country's abundant resources and vast potential at the disposal of foreign interests. This shameful act of treason and treachery was done through an expanding network of bilateral agreements which were made in the name of accelerating Iran's economic and industrial development, but were in fact mostly designed to plunder our natural resources and to make the national economy increasingly dependent on foreign technology and expertise. In consequence, despite grandiose development plans, an orderly and balanced process of social and economic development was never achieved. Substantial sums of money derived from depleting energy resources were spent on uneconomic but conspicuous "prestige" projects and armaments, leaving a relatively small amount for expenditures on the social and economic infrastructure, which was badly in need of prompt attention. The outcome of this gross mismanagement of and total disregard for national interests was ever-increasing inequalities in income and growing opposition to the regime, leading in turn to social bitterness and tension that was kept brutally suppressed by an inhuman and violent show of force.

The heroic struggle of the Iranian people which, despite great sufferings, sacrifices and risks, finally put an end to this unjust and wasteful regime, is undoubtedly a most significant and historic development, as it indeed illustrates how the determination, solidarity and perseverance of a nation can enable it to free itself from the shackles of a corrupt and despotic system which had kept it in relative poverty and ignorance.

During its few months in office, the new Government of Iran has embarked upon a programme whose overall objective is to assume full control over our economy and national destiny. To this end, appropriate measures are being adopted, *inter alia*, to ensure social justice, root out corruption, promote self-sufficiency in food and agriculture, reorient industrial development strategy and provide housing, especially for the low-income groups of society.

As the distinguished delegates are aware, during the struggles which led to the final victory of the Iranian people, the supply of crude from Iran was temporarily disrupted by the strike in the oil industry. The strike was entirely a domestic issue and was organized solely for the purpose of overthrowing the former regime. Thus, when the new provisional government assumed power, it assigned the highest priority to the resumption of activities in the oil sector, despite the fact that it faced numerous problems in different areas. As a result, and thanks to the efforts of the Iranian personnel in the petroleum industry, oil production and exports have now been restored almost to their previous level. In this context, I wish to emphasize that the new regime in Iran is fully conscious of its obligations and has every intention of continuing the flow of this essential commodity to the world markets. I also wish to express our sincere appreciation for the understanding and co-operation that has been shown by the members of OPEC during the past few months.

The fifth session of the Conference is convened at a time when the Second United Nations Development Decade is drawing to a close and the international community is engaged in preparations for the third Decade.

In setting forth the objectives for trade and development, we must make sure that these objectives do not constitute empty pronouncements. The decisions of this Conference must incorporate concrete and realistic measures which will ensure adequate progress towards the eradication of socio-economic imbalances at the global level. We firmly believe that this session should mark a historic departure from the performance of previous sessions and pave the way for the structural changes which are long overdue in the sphere of world trade and development. We are strongly convinced that further delay in this context will intensify and increase international tension, with disastrous effects on world peace and security.

In our task of evaluating past performance and arriving at new policy measures and programmes, we have to reckon with our failure to achieve the goals and objectives of previous sessions. This failure may be attributed to a number of factors, but the most important is the inability of the present structure of international economic relations to foster economic development in the third world. The necessity for structural changes was clearly spelled out by the Declaration and Programme of Action on the Establishment of a New International Economic Order. Today, half a decade after its adoption, we find the international community more entrenched than ever in a system which defies the goals and objectives of the new international economic order. This state of affairs has led to the emergence of new protectionist and short-term policies incompatible with the development objectives of the third world. It must be recognized that *ad hoc* policy-making by major industrial Powers designed to meet short-term problems will neither help to resolve the structural imbalances in present international economic relations nor eradicate the short-term and medium-term difficulties facing the world community.

Interdependence has for far too long been interpreted as a one-sided affair whereby the fate of the developing countries is inextricably linked to the upswings and downturns of the economies and needs of the industrial Powers. It is in this context that the necessity for bringing about structural changes is acutely felt. The strengthening of the economies of the developing countries through such changes should not be construed as an act of magnanimity by the rich towards the poor, but as one of enlightened self-interest and a necessary precondition for balance and equity in economic relations, conducive to enhancing the long-term growth potential of the world economy as a whole. It is in this light that the whole array of international economic negotiations should be approached.

One of the issues to which many of the industrialized and developing countries have rightly referred, and which should receive the urgent attention of the Conference, is the problem of protectionism. The leader of the delegation of the Federal Republic of Germany stated in his speech at the plenary that other factors that are just as important are world trade and the fight

against protectionism. The President of the World Bank also pointed out in his statement that, between 1976 and early 1979, the industrialized nations introduced a large number of new restrictive measures and, contrary to the spirit of the Multi-Fibre Arrangement, EEC insisted on applying quota restrictions not only to the suppliers but also to the other low-income countries. The delegation of Iran, while fully reaffirming the harmful economic effects of protectionism to which the distinguished Secretary-General of the United Nations and many delegations have also made reference, would like to state that the developing countries have had no part in promoting the principle of protection. Indeed, in the early 19th century it was the present industrialized countries, which are now objecting to this principle, that resorted to it in an attempt to shut out imports from competing countries. The protectionist nations of the last century criticized free trade and advanced the "infant industry" argument, so much so that gradually a new school of thought known as "protectionism" emerged in the new science of economics. And yet today the same countries which once believed in protectionist practices are proposing the removal of such measures. It is indeed in irony that, while previously it was the weaker agricultural countries which practised protection out of fear of competition from industrialized nations, it is now the developed countries that employ protectionist measures to restrict imports from the third world countries.

It is a well-known fact that, by moving the factors of production from economically viable activities to industries which lack comparative advantage, protectionism works against the long-term interests of the developing countries. Protectionism also creates new tariff and non-tariff barriers to the exports of developing countries, thereby reducing income growth rates, increasing unemployment and limiting the ability of these countries to earn sufficient foreign exchange to finance development projects. At the same time, protectionism discourages investment by developing nations in industries protected by the developed countries, thus causing misallocation of resources.

In the light of these considerations, it would be desirable if, along with the work which is being done in other forums and without duplicating such work, a group of interested countries and related international organizations set up a task force to study the manner in which non-tariff barriers to the exports of developing countries may be removed within a specific time-frame.

The protectionist measures adopted in recent years by certain developed countries to safeguard their labour-intensive industries have adversely affected most sectors of export interest to developing countries, thereby inhibiting movement towards a more equitable international division of labour, in contradiction with the Lima target for the share of the developing countries in world industrial production and trade in manufactures.

The present inefficient international division of labour has also led to wasteful use of scarce resources by the developing countries through parallel investment in similar projects, mostly requiring large-scale production. An effective solution to this problem appears to be greater co-ordination of industrial development plans.

To bring about such co-ordination, it would be desirable if, within the framework of economic co-operation among the developing countries, a study group were established for the purpose of investigating the production possibilities of these countries with a view to identifying the comparative advantage of different countries in various fields of production and opportunities for joint investment and financing. In the light of the findings of this group, investment might be channelled by every country to those activities in which it enjoys a comparative advantage, thereby avoiding waste and duplication.

The shortcomings of the free market economies are well known to us all, and the Secretary-General of the United Nations has stated in his address to the plenary that the economic malaise of the market-economy countries has adversely affected the well-being of the world community. However, since the essential function of the State is in principle the encouragement and improvement of the conditions necessary to create an economic climate in which resources move in appropriate directions, it is the private sector which has the capability to make economically viable investment decisions. It appears, therefore, that the private sector has the predominant role in bringing about the structural changes required for economic development, since the administrative machinery in developing countries is inadequate to deal with such a variety of decisions. The main vehicle for effecting these changes would seem to be international trade and the impact which it has on the domestic economy.

With respect to the reform of the international monetary system, my delegation believes that the creation of an effective international monetary system which can serve the interest of the entire world community requires full and equitable participation by all countries in the adoption of measures concerning such reforms, as well as in the decision-making process within the reformed system. We are of the opinion that the creation and management of global reserves should be a truly international undertaking and that the role of the SDRs, as both a unit of account and a reserve asset, should be enhanced continuously and substantially. In this context, a massive increase in the transfer of real resources to the developing countries and the establishment of a link between the creation of SDRs and development finance is appropriate and essential. A reformed system should ensure that the exchange rate mechanism does not hamper the development efforts of the developing countries. We are also convinced of the need for the improvement of the compensatory financing facility and a higher utilization of the resources of IMF by the developing countries.

One of the serious impediments to development has been erratic fluctuations in exchange rates and the erosion of the export earnings of developing countries in real terms. In this connection, the Iranian delegation wishes to reiterate the views which it expressed at the Ministerial Meeting of OPEC held in Geneva last April. We believe that urgent action should be taken to stabilize the value of the dollar so that the real export earnings of developing nations are not reduced. Such action would without doubt benefit both developed and



developing countries and facilitate the task of social and economic planning.

With respect to the Integrated Programme for Commodities, we have noted with great concern the lack of progress in the process of negotiation on individual commodities. Three years after the adoption of Conference resolution 93 (IV) at Nairobi, with the exception of one or two commodities, we seem to be locked in a vicious circle where only studies are produced.

As to the Common Fund, the fundamental elements of which emerged at the third session of the Negotiating Conference, we, like many others, are left with a certain sense of apprehension concerning the latitude of the Fund in being able to reduce substantially the financial burden of developing producer countries and its ability to operate in a wide range of commodity markets.

Notwithstanding our concerns, we have gone along with the consensus which emerged at the third session of the Negotiating Conference, and we earnestly hope that the Interim Committee will be able to conclude its work expeditiously so that the articles of agreement can be adopted at the next session of that Conference.

With regard to technology, the United Nations Conference on an International Code of Conduct for the Transfer of Technology, which met recently in Geneva, failed to resolve many of the critical issues before it. For a meaningful code to be adopted, the different regional groups will have to display the necessary political will to come to terms with the Group of 77 on the vital issues which are still pending concerning the code's scope of application, parent-subsidiary arrangements, applicable law, settlement of disputes and the code's legal nature.

This session of the Conference provides us with the opportunity of resolving some of these outstanding issues with a view to paving the way for the resumed second session of the Conference on an International Code of Conduct for the Transfer of Technology, which would conclude the elaboration of that code.

A matter which deserves our special attention is the greater participation of developing countries in world

shipping and the development of their merchant marines.

The insignificant participation of developing countries, particularly in bulk cargoes, is a source of concern. While 90 per cent of world tonnage in tanker cargoes and over one third of dry bulk cargoes are generated by developing countries, the latter own less than 6 per cent of the world fleet. Shipping is considered a key sector in downstream activity, and action should accordingly be taken so that developing countries can transport an equitable share of the cargo generated by their own foreign trade.

The Arusha Programme for Collective Self-Reliance and Framework for Negotiations proposes realistic and workable solutions for the persistent problems which have brought international economic co-operation to a virtual standstill. The recommendations contained in this Programme, far from provoking confrontation, seek to remove the obstacles in a feasible, realistic and constructive manner. It cannot be stressed too often that the solution of the problems faced by the international community in the field of trade and development requires bold and decisive measures to break the vicious circle in which we are placed. The adoption of these measures calls for political will and courage to overcome short-term difficulties, but the reward will be no less than world peace and tranquillity. The developing countries have clearly shown their unwavering determination to co-operate in the solution of basic world economic issues by reaffirming their responsibility to find effective remedies to the acute social and economic problems confronting them and to work out strategies to promote self-reliance. The detailed programme adopted in this context at Arusha bears out this claim. It is now the developed countries of the world which should take up the challenge and exhibit greater flexibility in their approach. Let us all begin our deliberations with the pious hope that the fifth session of the Conference will be marked as a session which fulfilled an aspiration that the world community had for decades longed to realize.

**Statement made at the 155th plenary meeting, on 11 May 1979,  
by Mr. Mahdi M. Ouda Al-Obaidi, Under-Secretary, Ministry of Trade of Iraq**

On behalf of the people and the Government of the Republic of Iraq, I should like to extend to President Marcos and to the Government and people of the Philippines our warmest thanks and appreciation for the generous hospitality and excellent organization of this very important Conference. No doubt, the fact that the Philippines was chosen to act as host for this Conference implies a recognition by the world community of the leading role which that country has been playing in the development and strengthening of economic and trade relations in the world.

Mr. President, I should also like to avail myself of this opportunity to extend to you personally my delegation's congratulations on your election to the presidency of this august Conference. We are confident that, under

your wise and able leadership, its work will be successful and that positive and constructive decisions will be taken for the benefit and betterment of mankind.

Since the fourth session of the Conference, three years ago in Nairobi, the world economy has continued to be faced with acute crises such as increasing inflation, recession, unemployment and exchange rate fluctuations in the markets of the developed countries.

In the context of the present unbalanced state of international economic relations, negative developments originating in the developed countries have been multiplied and transferred to the developing countries, which are asked to assume a disproportionately large share of the burden of adjustment in the world economy

at a time when they have an insignificant role to play in the decision-making process.

While contributing to the deepening of the crisis and aggravating its seriousness, this state of fundamental disequilibrium has been exacerbated by a series of crises in the areas of money, finance, food and primary commodities.

Recent developments in the world economy clearly show that the existing world economic order is not only inequitable but also functions inefficiently, and that there is an urgent need to make fundamental changes aimed at restructuring the world economic order. The structural changes comprise several distinct but inter-related elements. These changes must cover shifts in the patterns of production, consumption and trade, as well as effective control over national resources and the establishment of the institutional framework.

It is regrettable to note that the latest attempts and efforts made to improve these conditions—and I mention in particular the Conference on International Economic Co-operation and the meetings of the Committee of the Whole—have not produced positive results. This is due to the lack of political will on the part of the developed capitalist countries to reach agreement on the most pressing issues as well as on other problems which necessitate long-range solutions. We therefore believe that the Arusha Programme adopted at the Fourth Ministerial Meeting of the Group of 77 sets up a framework for an action-oriented programme and embodies the policies, measures and arrangements required to bring about the necessary structural changes in the world economy, to develop rules and principles for regulating international economic relations, and to help to formulate the international strategy of the Third United Nations Development Decade on a sound basis that will ensure the participation of all developing countries in a way that will be commensurate with their economic power and enhance their role in the management of the world economy on a just and equitable basis.

The economy of Iraq shares the problems and aspirations of the majority of developing countries, with some minor differences as a result of the country's particular characteristics and objective conditions. The Republic of Iraq clearly shares the determination of the developing countries to struggle for the elimination of backwardness and dependence, and to participate in the adoption of the measures necessary to change the present international economic system and its inequitable economic relations. This requires the achievement of genuine and balanced economic and social development in order to eliminate dependence, all forms of dominance and exploitation; it also requires the reaffirmation by the developing countries of complete and permanent sovereignty over their natural resources in the interests of their people. In conformity with this principle, Iraq's political leadership in 1972 was able to gain a historic victory by nationalizing the activities of foreign oil monopolies in Iraq. This has made Iraq one of the first countries in the Middle East to have achieved total economic independence and integrated the oil sector into the national economy.

Allow me to make a few observations regarding a subject of major concern in international economic relations and of vital importance to the developing countries. I refer to the problem of commodities, including oil. Since 1973, Iraq, through its historic and objective analysis of existing relations between industrial and developing countries, has officially expounded its views regarding international markets. We believe that the crux of the problem has not changed and still lies in the outmoded and ineffective international economic system bequeathed by the colonial era and its incapacity to meet the requirements of international political developments. In the forefront is the struggle of the peoples of the third world to achieve political independence and economic emancipation, and to exercise complete control over their natural resources. This is one aspect of the question. The other has to do with the matter of allowing the monopolistic multinational corporations to engage in all kinds of restrictive business practices in order to maximize their profits to the detriment of the interests of producers and consumers.

Through this objective approach to existing inequitable international economic relations, Iraq has therefore constantly emphasized the need to work for just and equitable economic relations between countries that export and countries that consume primary commodities. This will lead to the stabilization and healthy development of markets and serve the legitimate interests of all.

Within this context, we have always been against placing a moratorium on oil price rises in normal circumstances and have emphasized the need to modify them by moderate percentages in order to maintain the purchasing power of export earnings from oil and thus cope with international monetary inflation. We have also been against the introduction of exceptional increases in these prices in extraordinary circumstance, as happened in 1973 and is happening today.

This could be achieved only on the basis of fundamental conditions, the most important of which are the sovereign right of peoples to independence, economic emancipation and the development of their natural resources with a view to ensuring their progress and development and to contributing to the betterment and well-being of mankind.

It is regrettable that the principles applied by the developed capitalist countries have had the result of transferring the effects of the crisis to the developing countries, for this has led to a chaotic situation affecting all aspects of international economic activity.

The developed capitalist countries have also continued to disrupt the exercise of the legitimate right of the developing countries to correct the prices of their raw materials, particularly oil. They have used this situation as a pretext to shoulder the oil-producing countries with the responsibility for the crisis which has in fact resulted from exploitation, concentration of monopolies and the irrational utilization of natural resources, especially non-renewable ones. We have always been and continue to be in favour of all efforts aimed at resolving international economic problems for the benefit of all peoples and not in the interest of only

a few or of a particular system. We cannot accept the practices of the developed capitalist countries; in defending their interests, they are trying to evade their responsibilities vis-à-vis the developing countries. The oil-producing countries have not taken part in the depletion and exploitation of natural resources and have not participated in the management of the present international monetary system. We share the views of the developing countries that the national, regional and international efforts made to achieve social and economic development have been neither sufficient nor vigorous enough, because they have been unable to put an end to the exploitation of the natural resources of those countries.

In the light of the foregoing considerations, Iraq proposes the establishment of an international fund encompassing all industrial countries, irrespective of their political and economic systems, to compensate for the amount of inflation directly exported by them annually to the developing countries and in accordance with the resultant prices of goods and services imported by these countries. On the same basis, the oil-exporting countries should participate in the fund so that their annual contributions would be equivalent to the financial burdens assumed by the developing countries as a result of the rise in their oil imports. In other words, the resources of the fund each year would be equal to the new burdens borne by the developing countries as a result of the monetary inflation caused by the rise in the prices of their imports of goods and services from industrial countries and their oil imports from oil-exporting developing countries. In this way the fund would be able to compensate in full for the adverse effects resulting from the monetary inflation exported to them. To enable the fund to achieve its objectives, it must continue in existence for a long period and its resources must be distributed, without any condition, according to the losses sustained by each developing country in its foreign exchange as a result of the inflation exported to it.

The proposed fund would be supplied by contributions constituting a commitment on the part of the industrial and oil-exporting countries, and the countries benefiting from the fund would be enjoying a right and not receiving charity.

We hope that this constructive proposal will receive the approval and necessary support of all countries, and consider that it will be possible to find ways and means of resolving the problems faced by a large number of developing countries and thus advance the negotiations aimed at the establishment of a new international economic order.

Regarding the improvement of international terms of trade, while we wish to express our satisfaction at the results achieved during the last Negotiating Conference on the Common Fund, we would like to record our disappointment over the slow progress made so far in respect of the commodity agreements in implementation of the provisions of resolution 93 (IV) on the Integrated Programme for Commodities. We would like to emphasize the importance of taking into consideration all the other basic elements of that resolution, and in particular that concerning the indexation of the prices of

the raw materials exported by developing countries to the import prices of the manufactured and technological commodities of the developed countries, after taking into account world inflation and changes in the world economic and monetary situation, including exchange rates, terms of trade, return on investments and other relevant factors.

When we discuss the subject of improving the terms of trade, we ought to touch upon the monetary and financial questions which are closely linked with the issues of trade and development. On the question of debts, we continue to support all the principles advanced by the developing countries concerning the writing off of all remaining official debts, rescheduling debts, taking the necessary measures to organize debt operation in the future on easy terms and reducing the debt services extended by financial institutions of the industrialized countries as well as international financial institutions. Furthermore, we endorse the demand of the developing countries to increase the amount of official development assistance extended by the developed countries to meet the ODA target of 0.7 per cent of their GNP. This is in addition to the demand that ODA flows should be predictable, continuous and assured.

As regards the international monetary system, my delegation's position, in sum, is that the current system and its present machinery requires fundamental changes. These changes must take into account the interdependence of the problems of the international monetary, financial and trade system and increase the participation of the developing countries in the decision-making process. In addition, the new system must aim at a process of balance-of-payments adjustment that will remove the inequities inherent in the present system and help to create international liquidity in such a way that it mobilizes resources for development and contributes to the stability of exchange rates. Furthermore, the new system must be universal; it should reflect, in particular, the rights and interests of the developing countries and ensure them equitable treatment that takes account of their development needs.

Iraq views the question of the transfer of technology with special importance owing to the close relationship of this question with the rapidity of the development of the developing countries. We also endorse all the measures set forth in the Arusha Programme that are aimed at strengthening the technological capacity of the developing countries and minimizing their dependence on others. We regard the international code of conduct on the transfer of technology as the appropriate means for operating such a transfer and believe that the code must be legally binding on all Governments, institutions and related companies. In this connection, we would like to express our disappointment at the delay and lack of sufficient political will shown by the developed countries during the first and the second sessions of the United Nations Conference on an International Code of Conduct for the Transfer of Technology. However, we emphasize the need to work resolutely to bring the code into operation. In addition, Iraq supports the developing countries' efforts in favour of action aimed at exchanging technical and scientific personnel among developing countries and at encouraging the developed

countries and financial institutions to adopt all measures necessary to ensure that the developing countries can acquire technical and scientific personnel.

Iraq considers the question of shipping to be of immense importance and of growing strategic significance, owing to the fact that the developing countries lose annually about \$30 billion of invisible income because of the lack of arrangements in the field of shipping as a whole. For this reason, we call upon all countries to exert concerted efforts to increase the capacity of the developing countries to participate in the carriage of bulk cargoes on the basis of equity and equality with the developed countries. We also stress the need to phase out the dangerous phenomenon of the expansion of flags of convenience, which are owned by capitalist monopolies. We should also secure financial and technical facilities to support the national fleets of developing countries and increase the technical assistance given to the developing countries by the UNCTAD Shipping Division and also to achieve co-operation among developing countries in the shipping sector. Efforts must also be made to reduce freight rates, which are increasing rapidly. Furthermore, we wish to stress the need to take the necessary steps to protect the interests of shippers and their participation in the multi-modal transport system in order to help to facilitate international trade and promote the technological development of multi-modal transport, including containers and other means of carriage, in the developing countries.

The subject of economic co-operation among developing countries and the problems of the least developed, landlocked and island developing countries occupy an important position in Iraq's economic foreign relations. From the very outset, Iraq has pursued a policy aimed at the consolidation of its economic and trade relations with all developing countries. It has paid increasing attention in particular to the expansion of co-operation and trade with the countries of the least developed, island and landlocked developing countries. A number of economic and technical co-operation agreements have been concluded with countries in Asia, Africa and Latin America with a view to strengthening co-operation in the economic sector and of exchanging information and technological know-how. The agreements with the least developed countries contain provisions which facilitate the grant of loans on very soft terms. This is in addition to the assistance provided by Iraq through the Iraqi Foreign Development Fund and Iraq's participation in regional and international funds which provide aid to these countries. Within the framework of this policy of friendship and co-operation among developing countries, Iraq has provided an amount of \$2.2 billion to more than 25 countries since 1974. This constitutes more than 4 per cent of the GNP of the country.

With regard to institutional issues and the question of strengthening UNCTAD, we continue to advocate the idea of supporting this organization and its transformation into a specialized agency dealing with international trade and development. At the same time, we support all the measures advanced to strengthen the role of UNCTAD in evaluating and reviewing world economic

development, in initiating discussions on new concepts and policies and, even more, in negotiating a wide range of issues relating to international economic relations. We would also like to emphasize our view of UNCTAD as the major instrument for international negotiations as well as for the review and follow-up of international economic development. UNCTAD should be given sufficient resources to enable it to perform its evolving role and function effectively and it should be allowed special flexibility, commensurate with its role, in its method of operation.

Moreover, we believe that UNCTAD support of the developing countries in the field of trade and development should be maintained and strengthened and that the institutions and negotiating bodies of the Group of 77 should be provided with adequate services, particularly in the context of the negotiations on the establishment of the new international economic order. The strengthening of UNCTAD should be seen as part of the process of completing the restructuring of the social and economic sectors of the United Nations system.

At the conclusion of my statement, I would like to refer to certain issues to which we attach importance and which cover all the subjects under discussion, in addition to its relationship to international economic action aimed at establishing the new international economic order. This is because the establishment of the new international economic order could not be implemented under unsuitable conditions; in addition, the restructuring changes require a specific political and social climate. For this reason, my delegation would like to draw the attention of the Conference to the economic programme issued by the Foreign Ministers of the non-aligned countries who met in Belgrade in July 1979, and who emphasized that the struggle to eliminate the injustice of the existing international economic system and to establish the new international economic order was an integral part of the struggle of peoples for the elimination of foreign aggression, foreign occupation, racial discrimination, Zionism, *apartheid*, imperialism and all other forms of dependence and subjugation, interference in internal affairs, domination and exploitation. These objectionable practices constitute major obstacles to the development of the developing countries as a whole and the greatest threat to world peace and security. Their elimination is therefore a prerequisite for the promotion of development and international economic co-operation.

In this regard, the Arab people, and particularly the Palestinian people, who have been uprooted from their homeland, divested of all their legitimate rights, had all their property confiscated, been inhumanly subjected to all kinds of torture and forced to live in prisons and tents, are facing a series of conspiracies and difficulties designed to divert the attention of the peoples of the area from concentrating their efforts and resources on their own development and the betterment of mankind.

The latest in this series of conspiracies is the Zionist-Sadat agreement supported by United States imperialism. Iraq strongly condemns this agreement and wishes to stress the importance of the decisions of the

Arab Heads of State at Baghdad as well as the resolutions of the Arab foreign and economic ministers concerning this agreement; it calls on all peoples and Governments of the world to co-operate in putting an end to the policies of exploitation, dominance, in-

terference in internal affairs and aggression in the world, to respect the sovereign rights of the Palestinian people and to abide by the relevant United Nations resolutions in order to enable the Palestinian people to regain their homeland.

**Statement made at the 154th plenary meeting, on 10 May 1979,  
by Mr. David Andrews, Minister of State at the Department of Foreign Affairs of Ireland**

Permit me first of all to congratulate you, Mr. President, on your election as President of this fifth session of the United Nations Conference on Trade and Development. It is an election which pays tribute to you personally and to your country, the Philippines, whose Government has made such thorough arrangements for the organization of this Conference. May I say that the Irish delegation has been delighted not only with the practical side of arrangements here in Manila, but also with the friendliness and openness which are so obviously characteristics of the people of this country. Coming as I do from another country where hospitality has traditionally been valued highly, I am reminded by the welcome we have received that there are essential similarities between different peoples, that indeed there is an essential unity among men which is ultimately the best reason for all of us being here today.

The United Nations was founded a little over a generation ago as an attempt to reflect in an institution this essential unity of mankind. In other words, the belief upon which the United Nations was founded is the belief that mankind shares common aims and that these aims can be pursued through co-operative effort. We have seen in the history of individual countries that the fulfilment of political aims, such as independence or the establishment of order, has often been the first goal of States, and that economic goals, such as the creation of wealth or social justice, have come afterwards.

Something like this too, perhaps, has happened in the history of the United Nations. The pursuit of economic goals has only gradually achieved the major priority which it has today. One thinks of such milestones in the recent past as the sixth and seventh special sessions of the General Assembly, as well as the commitment to economic progress that is represented by the decision to convene next year another special session on international co-operation for development, and this in the context of the elaboration of a new international development strategy, to which all Member States of the United Nations must accord their strongest endeavours. Today the success of the United Nations depends to a greater extent than ever on its achievements in the economic and social spheres.

The basic problem to which the international community must now address itself is the instability of world economic relations, which in recent years has emphasized the increasing extent of global interdependence. To be effective and lasting, co-operation for mutual benefit must of necessity reflect and do justice to the reality of this interdependence. Obviously

there is need for change in international economic relationships: older patterns of dominance and dependence must give way to a new order based on equality and partnership.

The present international economic system has created grave inequalities both between and within societies. In order to reverse this process, development policy must necessarily be aimed at improving economic and social structures at the national and international levels. Up to now, the developing world has found itself cast predominantly as a supplier of raw materials and a reservoir of cheap labour for the industrialized countries, while remaining highly dependent on the developed world for a major part of its capital equipment, other manufactured goods and productive technology. This is an unfortunate and tragic legacy of history, but countries of the third world are not alone in this experience. In Ireland, we know only too well from our own relatively recent development the problems faced by developing economies largely reliant upon the export of primary commodities. It is not an easy task for such countries to build up the economic and social infrastructure which is necessary to support self-sustaining growth. While policies of self-reliance are admirable—indeed they form the basis of real development—it is only in a favourable international climate, providing genuine equality of opportunity between States, that they can flourish.

The present widespread uncertainty as to how the international economy will evolve highlights the necessity for a dialogue leading to mutual understanding, co-operation and partnership. It is now widely accepted that this dialogue, which should include countries in all economic categories, will lead to changes in the world economy. These changes must inevitably involve a progressive redistribution of economic activity in favour of developing countries. At the same time, it is equally evident that it is only in the context of a buoyant and dynamic world economy that developed and developing countries alike can reap maximum mutual benefit. What is therefore required is a new definition of the common interest, the common interest of mankind as a whole. It is for this reason that I believe the North-South dialogue, for all its false starts and its apparently very slow progress, constitutes a real watershed in international relations. Never before have the representatives of so many of the world's peoples been able to come together in an attempt jointly to set the course of future global development. The coming decade offers us a great opportunity and imposes, in turn, a heavy responsibility.

The years that have elapsed since our last Conference have not been without encouraging achievements. These have been outlined in the speech made on behalf of EEC by the representative of France. We in Ireland, in common with our partners, can feel that the Community has played an honourable part in the elaboration of initiatives designed to meet some of the issues which most preoccupied the fourth session of the Conference. In particular, we share the general satisfaction at the recent agreement on the fundamental elements of the Common Fund.

There can be little doubt that the operation of the Common Fund will have a significant effect on international trade in commodities of particular interest to developing countries. This effect can, of course, be achieved only if negotiations on individual commodity agreements can be satisfactorily concluded. It would be too easy to discount the progress made to date under the Integrated Programme for Commodities. However, in negotiations of this kind there is no substitute for the most careful consideration by producers and consumers alike of requirements in the case of each individual commodity. Let us redouble our negotiating efforts in this field.

No less important than buffer stocking, in the context of the Common Fund, is the role of the second window. This window enlarges the scope and function of the Fund by extending its operation to developing country commodity producers that would be unlikely to benefit significantly from the financing of buffer stocks. It is in recognition of this aspect of the Common Fund that my Government has decided, in principle, to join others in making a voluntary contribution to the second window, a voluntary contribution which would of course be in addition to such portion of our basic contribution of \$1 million as we would propose to allocate to that window.

I cannot let pass, however, my Government's concern—and I do not believe that we are alone in this concern—at the exceptional nature of this minimum basic contribution, which places a disproportionate burden on smaller countries. While we appreciate the circumstances, we do not honestly believe that such a departure from the principle of equitable burden-sharing is in the long-term interest of developing countries.

It has been remarked in previous speeches to this gathering that the agenda before the Conference is long and even comprehensive. It will enable us to review in the weeks ahead almost every aspect of the relationship between developed and developing countries, including the many proposals raised by the developing countries in the Arusha Programme.

My delegation will take part in these negotiations, conscious of the fact that, in respect of many issues, it is legitimate to talk of creating a new, more just and more equitable international order. These issues will arise under agenda items ranging from international trade to technology and from monetary policy to shipping. Without wishing to minimize the real differences of perception which have arisen on these issues, I feel that under many of these items it should be possible to discover areas of common ground. It is my hope that we

will be able to think in terms of promoting common creative efforts instead of confronting each other in monolithic blocks. Indeed, it may be that if our common efforts are sincere and our areas of common interest fully acknowledged, this should in itself contribute to an atmosphere of goodwill in which it will be easier to resolve the real differences between us, even on contentious issues.

Ireland is willing to play an appropriate part in co-operative measures designed to improve the development prospects of countries less prosperous than ourselves. For historical and other reasons, we have always had a particular affinity with countries of the third world, and I would therefore like to assure this Conference of the Irish Government's goodwill towards them and towards their aspirations for economic and social development. This goodwill underlies our growing activity in developing countries. Although as a small country our contribution will of necessity be limited in absolute terms, we hope that it may be a valuable one, especially because our own relatively recent intensive development experience has given us a rather special insight into the problems which have to be surmounted by developing countries.

For example, in the field of bilateral aid, Ireland's programme is characterized largely by technical assistance involving service by Irish personnel in developing countries. Our programme draws on a wide range of sectors in Ireland, including official and private bodies that have had first-hand experience in the harnessing of resources for development in a situation that in some important respects is analogous to that prevailing in developing countries today.

I acknowledge that Ireland has come to the field of bilateral aid much later than most developed countries and that we are therefore some considerable way from achieving the United Nations aid target. I am glad to say, however, that our aid programme has shown a pattern of consistently rapid growth in real terms: in the last two years alone, we have in fact succeeded in doubling, in absolute terms, our budgetary provisions for ODA.

The primary objective of our programme is to ensure that official Irish aid, which incidentally has always been in grant form, is used in the most flexible way possible to assist the poorest countries of the developing world. This is reflected in the high proportion of our aid—70 per cent in 1978—which is devoted to the least developed countries. This is a pattern which we are committed to maintaining and strengthening over the coming years. We hope that a stage will soon be reached when Irish aid will be able to make a significant contribution to the economic and social development of a selected number of developing countries.

In a conference of this kind we risk becoming absorbed in global economic considerations and thereby losing sight of the ultimate aim of development—the betterment of mankind. Even the remarkable strides which have undoubtedly been made in many parts of the developing world must not blind us to the fact that vast sections of the world's population have failed to benefit from conventional economic growth. An acceleration of



this growth, therefore, is not in itself sufficient: an essential complementary aim of policy must be the eradication—and not just the alleviation—of absolute poverty.

I do not feel that the community of nations can afford to tolerate indefinitely the present conditions of world poverty, and particularly of that afflicting the poorest developing countries. But how can we adequately appreciate the harsh realities of the predicament of so many millions of people who have never known the essentials of a decent life? These intolerable conditions are not in the interests of a stable and expanding world

economy, and moreover give rise to increasingly dangerous political tensions. In the new development strategy we must therefore seek to ensure that the development process makes a major impact on the lives of people most in need. What is required is nothing less than a massive attack on poverty at its roots, not merely in the form of improving standards of living for the poorest but of involving them in a productive manner in the development process. Only by concerted and sustained international effort on these lines can the vicious circle of impoverishment be broken and the foundation laid for the more just and equitable world society we all desire.

**Statement made at the 162nd plenary meeting, on 16 May 1979,  
by Mr. Mayer Gabay, Director-General, Ministry of Justice of Israel**

At the outset, allow me, Mr. President, to congratulate you on your election. Your contribution to international peace and understanding is well known and cherished in many countries, assuring us that your direction will enable the Manila Conference to attain its goals.

Our thanks and appreciation go to the President and First Lady and to the people of the Philippines for their warm hospitality, in the best tradition of the Philippines, expressed in the welcoming expression "Mabuhay".

Special praise is due to the Secretary-General of UNCTAD, Mr. Gamani Corea, and all other members of the UNCTAD secretariat, for their most efficient and effective preparations for the Conference.

The various facets of a new economic structure elaborated in various international forums, and specifically at Nairobi, are still far from bridging the gap between the poor and the rich in our world. The Arusha Programme for Collective Self-Reliance is a clear indication of the unjustifiably long way which is still ahead of us before the poorer nations are given full access to industrial development, international trade, advanced technology and a fair share of our world's economic resources.

We stand today on the threshold of a new decade. In the developing world, there is still hope that this new decade will see significant progress in socio-economic development. The seeds of this progress can and should be firmly planted at this Conference. UNCTAD can and should continue its vital role not only as a forum for discussion but also as an instigator of new concepts. Our task has of late become all the more complex as the heterogeneity of the developing world has intensified. Among us are numerous developing countries whose annual *per capita* income has yet to reach \$150, as well as a sizeable number with a *per capita* income which is 10, 15, 20 times greater. And as we all know, heterogeneity in the developing world expresses itself not only in the disparity in income levels but in a diversity of interests in many fields: in the developing world are to be found both exporters and importers of oil, minerals and various other commodities. With this in mind we must

undertake a multifaceted programme of action covering many and diverse fields if all the members of the developing world are to move forward.

In view of the many valid points which have already been made by preceding speakers, I shall address myself only to certain aspects of our agenda on which concrete action may be taken by the Conference.

There is obviously no single panacea for all our ills. But certainly one of the essential features of any programme must be an increased flow of development funding to the developing world. As we are all well aware, real net flows of development funds from international and regional financial institutions as well as from bilateral ODA are far below the developing world's needs.

Some of the more advanced developing countries have been able to turn to the international capital market (currently characterized by its liquidity) to obtain part of the funds necessary to maintain essential socio-economic development. But even where such capital has been forthcoming from the banking community, loan conditions have been relatively unfavourable, adding still another constraint. Although expanded in recent years, such private capital flows have remained relatively limited, both as to the recipient developing countries and as to the banking institutions involved, and as such are obviously inappropriate for providing a large number of developing countries with the expanded flow of development capital necessary for their socio-economic development. In order to exploit the unutilized potential of the capital market more effectively, consideration should be given to the creation of an international co-financing facility which would channel a steady and increased flow of private capital into development projects in the developing countries.

The facility which we envisage calls for the World Bank and the regional development banks to prepare development loan proposals far in excess of their own direct lending capacities which could then be "sold" more readily to the banking community.

In joint consultations, the World Bank and the regional development banks would indicate the intended extent of their direct involvement in any given develop-

ment project; they can be expected to continue to direct the major portion of their resources to the less developed among the developing countries while keeping to a minimal level their direct financial involvement in projects in the more advanced developing countries.

The international banking community has limited its direct involvement in development projects, particularly those which require extensive, long-term funding. The reasons vary, but in most cases the dominant factors are insufficient knowledge of conditions in these countries, unwillingness to accept sole responsibility for large-scale lending to these countries, and hesitation in view of the various risks which may be involved. However, development projects presented within the framework of the envisaged international co-financing facility would be attractive to the banking community on several counts: first, the development projects presented for financing would reflect the technical and financial expertise of the World Bank and the regional development banks; secondly, these institutions would have a financial stake in each project, albeit a small one for the more advanced countries; thirdly, these institutions would undertake supervision of the loan projects. Under these circumstances, we believe, the international banking community could and would not only markedly increase its funding for a wide range of development projects which it currently avoids, but also extend the loan's life and charge lower interest rates as a result of the reduced risks and uncertainties.

Without the proposed international co-financing facility, the international capital market can be expected to continue restricting its involvement in development funding for the least developed countries to a small number of countries and for relatively short time periods. The services which the proposed facility would make available to the international banking community, on the other hand, could foster an expanded flow of private capital to a far larger number of developing countries, on terms far more favourable to the developing country borrower than is now the case. The envisaged facility could thus serve as a much-needed bridge between the developing countries and the international capital markets and, as such, it warrants the support of international development institutions such as UNCTAD.

Special consideration, it is to be hoped, will also be given in the coming months to the technical aspects of the implementation of an export credit guarantee facility, a facility first proposed by Israel at the third session of the Conference and, in 1972, at the annual meeting of the World Bank. As usual in the case of international institutions, progress has been slow and arduous, but progress has been made. It is eminently clear at present that the export credit guarantee facility can be put into operation at relatively minor cost, thereby providing developing countries with easier, less costly access to capital markets for the refinancing of extended export credits, for the purpose of enhancing trade among developing countries.

My delegation is pleased to note that the Arusha Declaration emphasized the need to establish such a facility as soon as possible. We have noted as well that the Arusha Declaration urged the reviving of the third

window of the World Bank, and wish to recall in that connection the Horowitz proposal on multilateral interest subsidization, which was introduced by the delegation of Israel at the first session of the Conference.

In their pursuit of the objective of self-reliance, developing countries have been searching for ways and means to reorient trade in manufactured products from the established suppliers in the developed countries to the newly emerging sources in other developing countries. The traditional means of approaching this objective has been the negotiation of mutual customs preferences both within and outside formally structured integration schemes. In addition to numerous bilateral and regional agreements ranging from preferential tariff agreements through customs unions to full-fledged common market treaties negotiated over the past 30 years, a multilateral and interregional preferential agreement among a certain number of developing countries was signed a few years ago under the auspices of GATT.

While the impact of these agreements on trade between the partners is surely of value, our purpose is to propose a complementary instrument aiming at the implementation of some trade aspects of ECDC, originally proposed at the Conference on Economic Co-operation among Developing Countries held in Mexico City in September 1976 and supported by the Committee on Economic Co-operation among Developing Countries of the Trade and Development Board at its first session, held in May 1977.

To that end, it is essential that a permanent focal point be created in developing countries to deal with the follow-up problems of even the most carefully negotiated intergovernmental agreements between developing countries. A detailed analysis of the proposal was submitted by the delegation of Israel and is contained in document TD/248.

In our view, ITC and the UNCTAD secretariat could provide technical assistance, if and when required, for the establishment of national forums for trade. Subsequently, international institutions could act as clearing-houses and contact points for the national entities throughout the third world.

The multilateral trade negotiations were conceived not only to bring about the reduction or elimination of tariff and non-tariff barriers that impeded or distorted world trade both in industrial and agricultural products, including tropical products, but also to improve multilateral trade relations to meet the needs and goals of the next decade.

We have indeed marched a long way towards completing the Tokyo Round; the avenue is still open for appropriate solutions to some outstanding issues in the spirit of the principles and objectives of the Tokyo Declaration, in particular, in favour of the developing countries.

The period following the negotiations is no less important. Working programmes which will have to be adjusted to new dimensions after the Tokyo Round should be worked out; they should not be limited to the implementation of the agreements resulting from the

negotiations but broadened to a wide range of aspects of trade policy.

As one of the countries which took part in the first round of trade negotiations among developing countries in GATT, and signed the resulting protocol, we think the time has come to negotiate a much broader scheme of preferences among developing countries, extending both the list of participants as well as product coverage to a much wider range.

While the system proposed should be based on the principle of mutuality of advantage so as to yield benefits to all participants, the least developed countries should participate on a non-reciprocal basis. One of the special techniques which my delegation deems particularly worthwhile to explore as a tool for preferential concessions is along the lines of unallocated tariff quotas.

The required economies of scale for modern agriculture pose some severe constraints on individual farm enterprises which can be alleviated only if a strong supporting system for agriculture is developed.

My delegation wishes to present some suggestions in order to encourage the appropriate bodies within the United Nations system to promote and sponsor technological and managerial co-operation between developing countries in strengthening the agricultural supporting system. This initiative, typical of co-operation among developing countries, would require great support to develop arrangements between countries, mainly between those developing countries whose economies rely heavily on the support of agricultural commodities.

The spheres of possible co-operation could include joint sales promotion, marketing, research and development.

Although these suggestions cover only one of the aspects of international agricultural trade, they could improve greatly the competitiveness of developing countries, if simultaneous progress is made in other areas impeding the access of their agricultural products to the markets of developed countries.

My delegation notes with satisfaction the successful results of the United Nations Negotiating Conference on a Common Fund, held recently in Geneva. The fundamental elements which were adopted by consensus are a major step forward toward the establishment of the Common Fund.

We believe that the Common Fund could bring stability and strength to the markets of some primary products and must be of interest to producers as well as to consumers. It should receive full support from the developed and developing countries alike. The interests of developing countries lacking in natural resources should, however, be protected by appropriate remedial measures. Once more we are happy to reaffirm our support for the establishment of a Common Fund agreed by all. We would also suggest that the idea of indirect indexing, which was put forward at the seventh special session of the General Assembly, should be examined.

We attach great importance to the second window. It is our view that it should come into operation as soon as

the Fund is established. We consider it essential that the measures to be financed by the second window should include research and development, productivity improvement, marketing and measures designed to assist, as a rule by joint financing or through technical assistance and diversification. We believe that the experience gained in Israel in such areas as storage of grain, preservation of various foodstuffs and conservation of fruit and vegetables may be of relevance to other developing countries, and we do hope that UNCTAD programmes of work within the framework of the second window will take into account the possibility of utilizing such experience.

It seems to us that an additional element related to the second window should be taken into account. I refer to crop insurance in developing countries. Agricultural development aims, among other objectives, at avoiding and controlling many natural risks which cause crop failure and yield variations, but it has limited scope geographically, financially and technologically.

For many years, many Governments and international organizations have been interested in the possibility of establishing crop insurance programmes, partly as an end in itself and mainly as a supplementary device for the promotion of agricultural development. We note with satisfaction that the problem of crop insurance is now under consideration by UNCTAD, which is preparing a study aimed at the implementation of crop insurance schemes in developing countries. We would encourage the financing institutions, in particular the World Bank and UNDP, to increase their support for such activities.

We would like to suggest that the international community, mainly through UNCTAD, take steps to create an authority to deal with the whole subject and to provide assistance to developing countries in this very vital field.

Technological and industrial knowledge is playing a more important role in industry everywhere in the world than ever before. Moreover, the need to develop new technology at an ever accelerating pace has led to a rapidly growing international exchange of technical knowledge.

One of the dominant issues that is of concern to both the developed and the developing countries is the establishment of a sound and internationally accepted basis for assisting the developing countries in obtaining the right technology from the most appropriate sources, and the best terms for its effective utilization. The task with which the world is faced today is how to restructure the existing relationships between suppliers and recipients of technology. The main thrust of this effort is directed at the grant of full access by the developing countries to all suitable technology on conditions that do not place the supplier in a predominantly stronger position, and do not relegate the status of the recipient to one of total or near-total subordination and technological dependence. It is now generally accepted that a code of conduct on the transfer of technology incorporating internationally agreed norms, standards and conditions would serve the interests not only of those seeking technology but also of their suppliers,

since the latter would also benefit from more orderly, predictable and efficient channels for their operations.

We, as other developing countries, believe that the code of conduct on the transfer of technology can help create conditions conducive to increasing trade and investment, thereby promoting the international transfer of technology. A code of conduct would create an environment which would assist the developing countries in the selection, acquisition and effective use of technology appropriate to their needs in order to develop improved economic standards and living conditions. Code provisions should effectively improve the bargaining positions of developing country enterprises, while retaining sufficient flexibility for meaningful negotiations. The code of conduct can be a source of optimism for a new relationship between transnational technology owners and developing country recipients based on fair negotiation of individually and socially desirable technology transfer agreements.

We welcome all recommendations aimed at generating and promoting the developing countries' capacity for indigenous technological development. In fact, we regard this as perhaps the most important single element on the road to industrialization. In our own efforts in Israel in the field of transfer of technology, a major concern is the development of a proper research and development policy. This includes the shifting of as much industrial technological research as possible into industry itself. On many occasions my delegation has emphasized that developing countries must expand and intensify technical co-operation among themselves. Since the inception of our international technical co-operation programme, more than 7,000 of our experts have been engaged in bilateral and multilateral activities in developing countries, and more than 20,000 persons from Latin America, Asia, Africa, Oceania, the Caribbean and the Mediterranean countries have been trained in Israel.

A major obstacle in the way of the transfer and acquisition of technology lies in the high costs involved in terms of royalties, service payments, etc., which are determined by a series of factors, including market price fluctuations. We suggest that the high costs of the transfer of technology can also be overcome by establishing a subsidy scheme run by an international financial institution. This would involve a partial or total subsidy being paid to the recipients of technology in developing countries, thus enabling them to receive technology on better financial conditions. We recommend that a proposal along these lines be studied by the UNCTAD secretariat, as has been done in relation to other aspects of the transfer of technology.

In that connection, we also support the ongoing efforts to amend the international system of industrial property protection, as recommended by UNCTAD and currently under consideration by WIPO.

Our host, President Marcos of the Philippines, appealed in his statement to the fifth session of the Conference to do its best to break the vicious cycle of crisis and impotence by a single act of accommodation and not of arrogant confrontation. Let us all follow that lead in pursuing the common goal of creating a fairer and better world economy.

It is our conviction that co-operation among developing countries is to a great extent one of the principal prerequisites for improving economic and social conditions in all countries. Likewise, a comprehensive peace in the Middle East, for which we should all hope and strive, will certainly advance such economic and social progress, for the benefit of all nations of that region.

A number of delegates have attempted to involve this Conference in political controversies by making false accusations against my country and the peace treaty recently signed with Egypt.

We believe in a dialogue and negotiations which will resolve the political controversies of the Middle East. In the pursuit of the economic and social objectives of UNCTAD, Israel firmly believes that international problems should be resolved by dialogue and negotiations and not by confrontation. It is in this spirit that we have recently concluded the peace treaty with Egypt. And it is in this spirit that we hope other neighbouring countries of Israel will settle the differences with us through negotiations. Extremist positions which reject negotiations and call for war and hostilities are contrary to the letter and spirit of UNCTAD and the United Nations.

Since we look forward to further peace negotiations with other Arab countries, it would not serve the purpose of this Conference to engage in a sterile political argument with those who still fail to realize that the way to peace and progress is through negotiations. For this reason, and in deference to you, Mr. President, and to the Conference, I will not reply in detail to the worthless and false accusations that have been made against my country and its peace treaty with Egypt.

The peoples of the Middle East are tired of war. Their real interest lies in finding practical solutions that will uplift their economic and social conditions through development of industry, agriculture, water resources, health, tourism and related areas of human endeavour. We stand ready to participate with all our neighbours in the pursuit of all these aims.

**Statement made at the 153rd plenary meeting, on 10 May 1979,  
by Senator Mario Pedini, representative of Italy**

I should first like to join the delegations which have preceded me in expressing to President Marcos, Mrs. Marcos and the Government of the Republic of the Philippines our profound gratitude and congratulations for the flawless organization of this fifth session of

the United Nations Conference on Trade and Development.

I should also like to congratulate you, Mr. President, on your election to preside over the Conference, and

I wish to assure you of our whole-hearted collaboration in your very delicate and complex task.

This Conference is being held at a particularly difficult stage in the international economic situation. At the political level, tension and conflict continue to recur with distinctly disturbing frequency in several parts of the world, and the economic situation too remains very critical. In recent years recession, unemployment and inflation have caused considerable difficulties for nearly all our countries, difficulties that have subsequently confirmed unequivocally the high degree of interdependence of our economic systems and our problems.

It is with this interdependence in mind that we must bend every effort in this forum to find workable solutions. Our people are not asking us to find *ad hoc* solutions to cope with a transitory crisis. They are asking us for a new strategy and a reorganization of the world's economy. They are asking for an effort gradually to create a new international economic order, more just and equitable, that would allow the developing countries to participate more fully in the fruits of world growth and to carry more weight in international decision-making.

Such a scheme, world-wide in scope, necessarily requires very close co-operation between industrialized and developing countries, as well as within each group of countries. Peace, stability, economic growth, social progress and perhaps our liberty for the coming decades will depend upon its realization.

In using the word "co-operation", I do so not in a rhetorical sense. We are convinced that any process aimed at the establishment of a new economic order must be based on co-operation between us, because it is primarily co-operation, far more than assistance in its various forms, that from now on must characterize the relationships and the dialogue between industrialized and developing countries. Co-operation is the instrument which will enable us to bring about a new international division of labour and production in the spirit of the resolutions of the seventh special session of the General Assembly of the United Nations and of the conclusions of the fourth session of the United Nations Conference on Trade and Development and the Conference on International Economic Co-operation.

It is obvious that every attempt at co-operation requires a perfectly balanced relationship between the partners. This means that the same value must be assigned to the role played by the capital and technology of the industrialized countries, on the one hand, and the raw materials and markets of the developing countries, on the other, in the expansion of the world economy.

My country is convinced of the correctness of this view of the problem. It is our very firm intention to make all the contribution we can to this universal effort, in full awareness of the fundamental importance of what is at stake.

Within the limits of its financial possibilities, Italy has to date made efforts to establish the most constructive and effective economic relations with the countries of the third world.

At the bilateral level, Italy is trying to establish co-operation with several countries in agriculture, industry and the services sector, and to provide appropriate technical assistance, either in regional development or in sectors specific to Italian experts working in developing countries. At the same time, a number of basic and advanced management training courses for personnel of the third world countries are organized every year in Italy.

A new law on co-operation with the developing countries has recently been enacted by the Italian Parliament. It has just come into force, and it provides for the establishment of a "development co-operation department" under the direct supervision of a committee of ministers and endowed with the appropriate financial and technical instruments. The new funds thus made available will make it possible for us to increase both quantitatively and qualitatively the amount of resources transferred to the third world countries.

At the multilateral level, my country participates, by means of financial contributions, in the activity of all the international organizations and agencies in the field of development aid. In spite of the difficulties which have beset our economy in recent years, we have succeeded not only in maintaining the level of our multilateral aid but in increasing it.

A particular contribution to development is made by Italy as a member country of EEC. As a partner in the Community, we have participated in food aid to the countries most seriously affected by the crisis. Italy is also a party to the Lomé Convention, which establishes special ties with 56 States of Africa, the Caribbean and the Pacific.

This Convention, which is just about to be renewed, affects more than half a billion individuals. It sets in motion a very broad range of instruments in response to the diversity of situations of our partners and to the demand for what we would like to see as increasingly close co-operation in all economic activities.

Italy also participates in the financial and technical aid which the Community has been granting since 1976 to non-associate developing countries.

Under the overall Mediterranean policy of the Community, Italy participates in economic and financial co-operation agreements with the countries of Maghreb and Mashrak. We feel that the instruments established under these agreements should contribute to the political and economic stability of the Mediterranean region.

This brief survey of the Italian presence in a whole series of initiatives to help third world countries testifies, I believe, to my country's deep concern with the problems of development and its anxiety to contribute, within the limits of its means and resources, to the establishment of a new world economic order.

I wish to stress that we shall be inspired at the present session of the Conference by this same anxiety to help. The establishment of a new international economic order is our goal, and one which, I repeat, inevitably can only be achieved gradually through a process marked by partial but specific solutions. Here in Manila we

must start up a dialogue to discover what can be done to identify the course to be followed and establish the basis for new initiatives to be taken successively.

As regards the specific topics for this session, I should like to sketch briefly the fundamental aspects of Italy's position regarding some of the main agenda items.

The background against which our dialogue unfolds is the topic of interdependence. The ties interlinking our economies prompt us to seek all means of co-operation. We are convinced of the need to carry out structural transformations within our production systems. The process must take place, however, in such a way that the choices and decisions of each country do not have an adverse effect on the situation of other countries; otherwise, interdependence would become a stumbling-block to co-operation, with unfavourable repercussions on the entire dialogue.

In our view, it is in the context of the new international development strategy that the means and the determination must be found to prevent imbalance in the development of one country from spreading to other countries. Each country must therefore try to keep its development balanced as far as it is able, in the sense of acting in parallel fashion on the different sectors of the national economy and different social strata.

Regional development programmes could favour this approach.

As to the question of raw materials and commodities, Italy has always been convinced of the need to guarantee the producer countries and the consumer countries remunerative and fair prices, to eliminate erratic price fluctuations and to ensure regularity of supply. At the same time, we consider that raw materials constitute an essential element in the economic development of the producer countries, and with that in mind, Italy joined other industrialized countries at Nairobi in supporting the establishment of a common fund and the conclusion of agreements on products. We welcomed the results of the most recent negotiating conference and are preparing to contribute in every way to the final conclusion of an agreement.

In this context there is no need to emphasize that natural resources, and energy resources in particular, play an extremely important role in the quest for a more equitable international economic order. I think the evidence is undeniable.

Even if the most pessimistic forecasts give rise to doubts concerning their justification, as things stand it is recognized that in the 1980s mankind will be faced with a task of unprecedented proportions, namely, that of making sure that a sustained economic growth rate, especially in the developing countries, is supported by adequate energy sources, as it necessarily must be.

We therefore share the concerns expressed by the Secretary-General of the United Nations in his address to the Conference. It is our conviction that a constructive dialogue regarding energy must continue among all the countries concerned. We are also of the opinion that a study should be made of the most appropriate machinery for helping us to resolve the problems which will arise in the future in this field.

With regard to manufactured products, we feel that the GSP granted by EEC and the recent results of the multilateral trade negotiations provide a set of conditions calculated to help considerably in increasing the export of industrial products from the developing countries to the EEC markets. In any case, Italy is prepared to consider any measure which might prove useful within the framework of closer co-operation between our countries.

The transfer of technologies suited to the particular needs of the various countries plays a very important role in achieving co-operation in agriculture, industry and the service sector. In the negotiations on the code of conduct, the Italian delegation has tried to help to find balanced formulas which would reconcile the positions of the various groups of negotiators. We feel that the adoption of a binding and compulsory code of conduct is in fact a false approach to the problem. What really matters is rather the establishment of objective conditions at the political and economic level to make the transfer of technology a natural and mutually beneficial process. Even more important, in our view, is to help the third world countries to develop their own scientific and technological potential. This is one of the objectives we have set ourselves as part of our programmes for stepping up technical assistance.

I now turn to the problem of the international monetary system. There has long been talk of the need for reform. Italy feels that reform is desirable, since no measure for stabilizing the prices of raw materials or transferring real resources will be effective without a stable and coherent international monetary system based, for instance, on a reserve currency completely independent of national monetary systems. The stability of currencies is a necessary condition for the development of the economy and for the expansion of trade. It is in this conviction that the members of EEC have recently established a European monetary system. Although limited to member countries, the system will undoubtedly contribute to the stabilization of exchange rates at the international level.

As to the general problem of reform of the monetary system, it is obvious that the search for appropriate solutions can be made only in the competent international bodies. Nevertheless, we feel that a discussion of these topics at this Conference would be useful and desirable and that the results of our reflections should be placed at the disposal of IMF and other institutions concerned, with a view to the further investigation of the problem.

I take this opportunity to point out that the Italian Government maintains its position in favour of establishing a link between development aid and the establishment of SDRs.

Concerning the problem of debt, Italy has recently taken action, within the framework of resolution 165 (S-IX) adopted by the Trade and Development Board in March 1978, to cancel the debts falling due in 1979-1981 of 10 of the poorest countries or those most affected by the economic crisis, amounting to a total of approximately \$23 million.



At the same time, we are convinced of the need to reach a general settlement of the question of debts, and with that in mind shall be participating in the forthcoming work on the subject in UNCTAD.

Apart from the problem of indebtedness, particular attention should be given to the least developed developing countries, island developing countries and land-locked countries. We feel that specific measures must be adopted in respect of these countries. Consideration should be given to the advisability of concentrated assistance, for example by directing surplus public assistance to these countries on a priority basis and increasing the efforts of international organizations on their behalf. At the same time, selective trade measures could be envisaged, and facilities in the transport sector could also be studied.

Another topic deserving some attention is co-operation between developing countries. Italy followed with the greatest interest the proceedings of the Buenos Aires Conference, and is convinced that regional co-operation between developing countries is an effective and decisive instrument for laying the foundations and establishing the conditions necessary for economic development and eliminating or reducing the causes of local or regional tension or conflicts. These regional understandings must be encouraged as much as possible by providing the countries concerned, when required, with technical and financial aid, and placing at their disposal the Community's experience in the field of economic integration.

Turning to economic and trade co-operation between States with different social and economic systems, I would recall that Italy has for a long time been engaged in close and constructive co-operation in all fields of economic activity with the socialist countries of Europe and other parts of the world. This co-operation is now likely to grow stronger and to expand within the framework of agreements under study between EEC and the countries members of CMEA. In the spirit which led us to strengthen these relations, Italy would like the socialist countries to join, without reservation or ideological prejudice, in our efforts to find joint solutions to the problems of the relations between industrialized and developing countries at the fifth session of the Conference.

**Statement made at the 156th plenary meeting, on 11 May 1979,  
by Mr. Seri Gnoleba, Minister of Commerce of the Ivory Coast**

Mr. President, the delegation of the Republic of the Ivory Coast wishes me first of all to congratulate you on your election to the presidency of the fifth session of the United Nations Conference on Trade and Development. This distinction is amply merited by your outstanding gifts and unquestionable ability, quite apart from the fact that you are a member of the host country's delegation.

Our delegation has appreciated to the full the warmth of the welcome it has received and the impeccable organization of this historic Conference. The reputation

Italy recognizes the prominent role which UNCTAD is called upon to play in implementing all the goals we are seeking to achieve. UNCTAD in our view continues to be the basic organ for dealing with the problems of relations between developing and industrialized countries. Its effectiveness must be further enhanced.

Like most European countries, Italy has in the past few years experienced economic troubles which have been rendered particularly serious by its structural shortcomings.

Despite these difficulties, we are prepared to contribute as constructively as possible to the results of the Conference and to place at the disposal of the developing countries the experience we ourselves have accumulated over a period of several years in the industrialization and general development of our most backward regions.

For some time now, an awareness of the scope and importance of these problems has been emerging in Italy. Increasingly broad currents of public opinion are insisting upon a more active participation by the country in the North-South dialogue and its developments.

All this amounts to recognition by the people of the interdependence of our respective situations and affirmation of the need to find a solution to our individual and common problems at the level of human solidarity and world-wide economic co-operation.

A demand for progress, social justice, more humane living conditions, freedom and peace has long been reaching us from all parts of the world. The response we have made to date has been completely inadequate. Unemployment, sickness and malnutrition continue their course among the poor. Twelve thousand people die of hunger every day; 7 million vegetate in subhuman conditions. Basic freedoms are suppressed in a number of countries in the world, and armed conflicts in one region or another every day cause loss of human lives and economic resources.

If we wish to prevent this injurious development from becoming irreversible, we must unite our efforts, beyond our private and sectoral interests, and turn the North-South dialogue into an instrument for the establishment of a more acceptable world.

of the people of the Philippines for hospitality and the sagacity of its leader marked it out as a natural host for this Conference, whose decisions will affect the future of mankind.

We would wish you to convey to President Marcos, to his Government and to the distinguished personalities of this country our congratulations and our deep gratitude for the constant attention we have received since our arrival in Manila.

My delegation welcomes this opportunity to make its contribution to this fifth session of the Conference,

which is taking place at a difficult moment in the world's economic evolution and should be a decisive landmark in this process.

In contrast with preceding sessions, this Conference is opening in an atmosphere of mutual confidence and under more auspicious auspices.

The successful conclusion of the agreement on the Common Fund within the Integrated Programme for Commodities, the similar outcome of the multilateral trade negotiations, the significant progress made in fields such as the code of conduct on the transfer of technology, the negotiations on natural rubber, the progress made in the Plenary Committee and the Committee of 20 for the reform of the international monetary system, the success of the Vienna Conference on the establishment of UNIDO as a specialized agency—all these developments augur well for the outcome of this session of the Conference.

When the agenda for the first session of the Conference is compared with the agendas for the subsequent and present sessions, one is immediately struck by the increase in the number of questions and problems to be examined. This prodigious expansion of matters brought before the Conference gives the impression of a surge of demands escaping from the broken dike of earlier constraints, a flood which threatens to engulf us and to thwart our efforts to canalize it.

The many preparatory meetings which we have held in working parties and study groups have brought out every aspect of these problems and our decisions, resolutions and recommendations have exhilarated and left us with a sense of satisfaction and disappointment at the same time: satisfaction at being able to define our problems more clearly, and disappointment that solutions seem to slip a little further away with every new step we take in our unrelenting, multiple and many-sided negotiations.

It is time to halt and confront the not very encouraging reality: although we have by now looked at our problems from practically every angle, they are by no means resolved.

There is no need in this situation to indulge in bitter and disenchanted accusations or empty attributions of blame: our task is to review the objectives assigned to UNCTAD, to evaluate the methods used to pursue them, and to promote a strictly defined plan which will hold back the flood carrying us away, and enable us to halt this proliferation of meetings which scatter our forces and leave us constantly more vulnerable. In this way, we shall be able to set about defining the central problems whose solution is a prerequisite for the solution of all the remaining peripheral problems. We must realize that failures and disappointments in the negotiations are sometimes the result of our own mistakes. We alone, therefore, are capable of correcting them if we agree to abandon the unreality of dramatic solutions and look for practical solutions deriving from a realistic approach to the facts of the current situation.

The Arusha Programme has recognized, correctly, that the world economy is passing through its worst crisis for 30 years. All the international institutions, including UNCTAD, which have been established during

this period to facilitate dialogue and co-operation and to promote the peaceful settlement of problems have done little, at the economic level, to prevent crises.

So far as the developing countries are concerned, they are not only disadvantaged by the structures of the world economic order, which does not take into account their specific needs, but they are also affected by all the vagaries of the economic crisis now being experienced by the developed countries, which are powerless in the face of the system whose decrepitude they refuse to recognize and are incapable of adopting a realistic policy which would presuppose a total reform of the international economic system.

What seems to me to be one of the causes of the negative results of all our efforts over the past five years is the fact that, despite an accurate analysis of the situation and practical recommendations for appropriate solutions, no effective measure has been taken at either the national or international level to put those recommendations into effect.

Fundamental decisions should be taken at this session of the Conference, and priority should be given to those matters which, as my delegation sees it, are decisive in the present economic situation.

In its statement, therefore, my delegation will confine itself to certain aspects of the items on the Conference agenda, namely:

1. In connection with the Integrated Programme for Commodities: the importance of setting up machinery for determining prices closely related to the efficient functioning of the Common Fund;
2. In connection with co-operation among developing countries: the need to strengthen subregional and interregional co-operation;
3. In connection with international co-operation in technology: the need for the developing countries to establish suitable national structures to ensure this type of co-operation;
4. In connection with the new international maritime order: the need to speed up the entry into force of the Code of Conduct for Liner Conferences.

The Ivory Coast is a country where two thirds of the population earn their living directly from agriculture. Agriculture has formed the basis of the Ivory Coast's development over recent years and has been the main support for industrial development. Consequently, the question of price determination for commodities and raw materials is of particular importance for my delegation.

This question of commodity prices has become particularly acute since the acceleration of inflation from 1970 onwards. Inflation has distorted all economic data and for practical purposes has rendered obsolete most of the commodity agreements previously concluded.

Experience over the past decades has shown a tendency for the prices of manufactures to rise more rapidly than commodity prices. Despite the existence of various agreements, the countries producing primary goods have been largely powerless to influence this tendency. Most of the mechanisms set up to attenuate the effect of this unfavourable trend in the terms of trade have so far failed to tackle the real problems and are remedying only the consequences of the problem.

This situation has led the countries producing raw materials to consider other new forms of action, including the Integrated Programme for Commodities. This Programme incorporating the guidelines of the Manila Declaration and Programme of Action of 1976, has aroused tremendous hopes among the developing countries.

After four rounds of negotiations, the States members of UNCTAD agreed on the basic elements of the much-desired Common Fund. Admittedly, not all the problems have been entirely resolved, but the mere establishment of the Fund signifies that the international community has accepted the principle of stabilization of the commodity market on a much broader scale. Some products have already been the subject of international agreements, while agreements on others are under negotiation or at a preparatory stage.

In general, my delegation's view is that negotiations on commodities should in future refrain from proposing, as in case of the renegotiation of the International Cocoa Agreement, a price range which in no way reflects the realities of the production and market situation.

In international negotiations, the "fair price" concept should henceforth be substituted for the concept of the badly named "equilibrium price", so as to put an end to the harrowing problem of the deterioration of the terms of trade.

To be effective, the procedure to be established should be supplemented by arrangements for direct indexation which, by influencing the supply offered on the market, would allow prices to be maintained at levels sufficient to offset the erosion of purchasing power through inflation. Of course, the producing countries' wish to have a say in market trends can be fulfilled only to the extent that they establish concerted and objective policies on production and sales. That will entail financial resources both to finance any stocks built up in the producing countries and to compensate for any loss of export earnings through unforeseen crop shortages.

We therefore hope that in this area the Common Fund will be able to play its expected role, and my delegation appeals to the developed countries to give their financial support to the Common Fund and, in particular, to the second window, whose function is to complement appropriately the activity of the first window.

I cannot conclude this section on the subject of raw materials without paying a special tribute to the trade relations between the ACP countries and EEC, even though the mechanism of its fund for stabilizing export earnings (STABEX) does not in fact result in stabilization of the purchasing power of the export earnings of the ACP countries. With the IMF compensatory financing machinery, it does amount to an appreciable and novel contribution in the search for a solution to the problems relating to raw materials.

The aims of co-operation between developing countries include the speeding up and co-ordination of these

countries' economic growth, by making maximum and economical use of human and natural resources.

In this connection, we must seize every opportunity for exchanges of experience, and it is for that reason that I would remind you of the example of the Conseil de l'Entente, to whose establishment the Ivory Coast, together with five other neighbouring States, contributed and which in a few days will be celebrating its twentieth anniversary. These 20 years of operation would seem today to constitute an example of successful and efficient subregional co-operation, successful despite the political upheavals which most of its members have experienced during this period. Through its Mutual Aid and Loan Guarantee Fund it has been possible to go beyond the concept of political and human solidarity and to tackle the preparation and financing of economic projects of common interest.

Other agencies of the same kind have been set up in Africa with the aim of broadening and, in particular, giving an example of the concept of subregional co-operation.

One such example is the Economic Community of West Africa, set up in 1972 by seven States of the region to create an organized trading area, within the framework of a regional industrialization policy. Another example is ECOWAS, established in 1975 by 16 States of the region in a bold attempt to break down the historical and linguistic barriers artificially created by colonization and to facilitate: the harmonization of its member States' economic and industrial policies; the elimination of disparities in economic and social development; the preparation of a joint convention on the movement of persons within the community; the establishment of more economically efficient joint enterprises serving a wider market, etc.

At the same time as subregional co-operation, it is essential to ensure increasingly close interregional co-operation, and in this connection we must welcome the initiative taken by ECA and ECLA to establish a mutual co-operation agreement. The regional commissions of the United Nations are now playing a decisive role in co-operation between developing countries.

In view of the large number of United Nations agencies which are active in the field, but not always in a co-ordinated fashion, mere consultations, even on a regular basis, are not sufficient. What is needed is a single individual responsible for the implementation of the programme of United Nations agencies and recognized by everyone at the regional level; that responsibility should lie with the Executive Secretary of the commission for the region concerned.

International co-operation cannot be effective unless it is supported by properly planned regional co-operation; successful regional co-operation depends above all on the States concerned.

All representatives present will recall the various United Nations resolutions concerning the need to improve access to modern science and technology, with a view to promoting the effective transfer of technology and the development of national technologies for the purposes of all-round development. Those resolutions stress the measures necessary to establish, strengthen

and develop the scientific and technological infrastructures of the developing countries.

Since then, essential measures to improve access by the third world, on favourable terms, to the various technological resources internationally available and to contribute, so to speak, to the strengthening and development of its technological potential have been the subject of studies, meetings and even negotiating conferences at the highest level. Such measures, which seek to reduce to some extent the economic dependence of the third world, cover: first, the need for a restructuring of existing international technological relations; implying the revision of the industrial property regime and the preparation of a code of conduct on the transfer of technology, including the reverse transfer of technology connected with development; secondly, the strengthening of the technological capabilities of the developing countries, including the speeding up of their technological transformation.

A diplomatic conference on the revision of the Paris Convention for the Protection of Industrial Property will be held at Geneva from 4 February to 4 March 1980, under the auspices of WIPO. The principal aim of this revision will be to include in the Convention provisions of special interest to the developing countries. The Government of the Ivory Coast therefore attaches great importance to the future of questions concerning the industrial property regime and the transfer of technology, and hopes that one of the recommendations of the diplomatic conference will relate to the need for all developing countries to ensure that they are represented at that diplomatic conference.

The first two sessions of the United Nations Conference on an International Code of Conduct on the Transfer of Technology did not meet the expectations of the developing countries. They did not succeed in establishing a code which would facilitate their access to technology. Of course, the questions raised were novel and their complexity called for a number of technical studies, but it must not be forgotten that the industrialized countries did not bring to that Conference any evidence of political will.

Here, at Manila, with a view to enabling the negotiating Conference on an International Code of Conduct on the Transfer of Technology to achieve satisfactory results, the international community should accept the principle of an instrument of legally binding character for the code of conduct on the transfer of technology, which would be the corner-stone of the all-round development to which the third world aspires.

However, without waiting for either the adoption of the code of conduct or the revision of the Paris Convention, the developing countries, while according priority to the question of training national specialists in industrial property and the establishment of reception structures in their respective countries, should give further consideration, as was recommended by the Monrovia Seminar, to the actual concept of technology transfer; that concept will have to be replaced by the concept of technological co-operation, which expresses more accurately the idea of an exchange between partners, even though the partners may be at different levels of development. This concept of technological co-

operation would be a more effective incentive for industrial research.

With regard to shipping questions, one of the fundamental principles of what has been generally called the new maritime international order is the increasing participation of the developing countries in international shipping traffic.

Merchant shipping in fact plays a fundamental role in North-South trade, since more than 90 per cent of the traffic is by sea. President Houphouët-Boigny rightly stressed, on the occasion of the second World Maritime Day, that all development necessarily came via the sea.

The Ivory Coast at a very early stage appreciated the importance of a national merchant marine in guaranteeing its policy of economic independence, and has made great efforts to develop its merchant and fishing fleets.

Meanwhile, increasing collective awareness of the effect of shipping factors in determining the terms of trade has led to the beginning of co-operation at the regional and subregional levels with the establishment of the maritime conference of West and Central African States. This united action has already enabled these States to save some tens of billions of CFA francs. All such efforts, however have been able to develop only with the support and technical assistance of numerous international organizations. In this context, I am happy to be able to congratulate UNCTAD on its tireless efforts to endow the developing countries with the capacity to assume their maritime destiny.

One of the important questions under item 14 of our agenda refers to the Code of Conduct for Liner Conferences.

For the developing countries in general and for the Ivory Coast in particular, the Code of Conduct represents one of the last opportunities, if not the last, for our countries to achieve their maritime ambitions on the basis of a balanced, just and universally acceptable international instrument.

As you know, in accordance with the provisions of articles 49 and 52 of the Code, 1979 is the time-limit for the entry into force of this Convention, which has so far been accepted by only 34 States, most of them developing countries.

Any obstacle to the entry into force of this important instrument would directly impugn the credibility of the North-South dialogue and increase our fears of seeing ill-will carry the day against the innovative and generous tendencies in some of our industrialized partners.

The alternative no longer lies between the Code of Conduct and the *laissez-faire* attitude of the past. It is rather between the Code, a balanced international structure, which is basically liberal in outlook, and the proliferation of national maritime laws or bilateral agreements whose inevitable effect, in the event of failure of the Code to enter into force, would be chaos in maritime traffic.

For all these reasons, we welcomed, with a glimmering of hope, the decision adopted in November 1978 by EEC to announce a declaration of intent to accede to the Code during the work of this session.

Let us hope that the adoption of this position will have a considerable influence on that of our other partners in the industrialized countries, so that in the very near future the Code, the corner-stone of the new maritime order in which we place all our hopes, will be adopted by the whole international community.

Other important questions are included in the agenda for this fifth session of the Conference. The future of international trade and development depends on the solution of those problems, in view of the interdependence of such questions as: the particular needs of island and land-locked developing countries; measures to expand and diversify the export trade of developing countries in manufactures and semi-manufactures; trade relations among countries having different economic and social systems; GSP; protectionist measures resulting from restrictive business practices; and, of course, institutional questions.

My delegation will be happy to participate in the deliberations of the various negotiating groups on these

items. The solution of all these problems, as we have pointed out already, will require significant structural changes in the world economy—changes which can be brought about by a fresh attitude in the international community. In my country's statement, we have ventured to bring out those questions on which immediate action and specific decisions should be taken by the Conference.

At a time when all the industrialized countries are fighting for respect for human rights everywhere, we dare to hope that, in this beautiful city of Manila, the many studies which have enabled the international community to identify all the evils which are afflicting the peoples of the third world will give rise to practical solutions.

Manila therefore offers us the opportunity to find remedies for those evils. Success in our work will, I am sure, mark a decisive turning-point in the building of the new international economic order.

**Statement made at the 149th plenary meeting, on 9 May 1979,  
by Mr. Percival J. Patterson, Deputy Prime Minister and Minister of Foreign Affairs of Jamaica**

On behalf of the Government of Jamaica, I would like to express our sincere appreciation of the hospitality which the Government of the Philippines has extended to my delegation since our arrival in Manila.

We feel certain that the natural warmth of the people of the Philippines and the organizational skills which they have brought to bear on the arrangements for this important Conference will serve to create the right environment for dealing with the issues we have before us, issues which touch deeply on the welfare of mankind.

To you, Mr. President, I would like to convey our great personal pleasure in having you preside over this Conference. Even as we envy your remarkable stamina, we are confident that a successful outcome will be enhanced by the profundity of your experience.

As a member of the Group of 77, we recall with satisfaction the important contribution of the Manila Declaration to our elaboration of the fundamental principles of the new international economic order. This manifesto for the management of change in the international economic order has become an historic landmark in the records of third world history.

It should be our purpose, here in Manila, to make firm political commitments so that together mankind can look forward to a more equitable economic relationship in the decade of the 1980s.

We of the third world have joined hands and our collective political power to assert that there can be neither equality nor justice, neither peace nor prosperity, until there are fundamental structural changes in the world economy.

The fifth session of the United Nations Conference on Trade and Development must take the measure of the progress we have made in coming closer to real

understanding of the interrelationship between the economies of the South, of the East and of the North, and then build thereon in a concrete and systematic manner devoid of the cosmetics of accommodation in which some industrialized countries would wish to continue to cloak the *status quo*.

The central issue raised by the developing countries in the call for a new international economic order is the imperative need to restructure the international economic system and to establish a set of relationships in this sphere which would place developing countries in a position to participate fully in global activity and to share on a truly equitable basis in responsibilities and benefits.

We have all been sobered by recent developments over the past few years when no country, rich or poor, has been without serious dislocation as each has sought to make the adjustment to inflation, crises in the supply of critical raw materials, shortages of energy and the breakdown of the international monetary system. Such evidence establishes that the case for restructuring is stronger today than before, and the need even more urgent. There is growing recognition of the significant role which the economies of the developing countries must play if the global economic system is to move forward on a stable and expanding basis.

This was not evident at the start of the dialogue, but has come about because of the persistence of the developing countries, and because of the clear evidence that the international economic system must now draw the needed strength and stability from a much wider basis if it is to avoid or to minimize the grave and persistent problems which now affect it.

But in spite of all this, we have seen little or no movement towards structural change in the spheres of inter-

national trade, the distribution of industrial capacity, the transfer of technology, money and finance, or in securing for developing countries a more effective role in international decision-making. It is this issue of structural change that faces us at each negotiating meeting and that is the central issue before us at this session.

Central to our concerns here must be the overall institutional capacity of the United Nations family of agencies to mobilize our efforts to achieve this objective. It was against this background that the Committee of the Whole was established to give focus and political impetus to the negotiations for a new international economic order.

Since the fourth session of the Conference, the international community has examined in a most rigorous way the technical aspects of the policy prescriptions flowing from a new international economic order. We have before us, at the fifth session, an internally consistent set of proposals which can effectively implement such a new order. The search now is no longer for fresh ideas. The instant task is to implement accepted policy measures by concrete programmes. My delegation asserts that it is incumbent upon this gathering of political decision-makers to ensure the implementation of the new international economic order by taking here and now appropriate decisions on the proposals we have before us. We must take immediate action or appear forever impotent.

No member of the Group of 77 is likely to express unbridled enthusiasm at the outcome of the last round of negotiations on the Common Fund in Geneva. Neither we nor the other members of the Group of 77 have any illusion that the nature of the Common Fund as it has evolved to date can fulfil the dynamic functions which were previously contemplated. It has emerged truncated and emasculated. What entered the negotiating pipeline with the roar of a lion has emerged with the squeak of a mouse. Indeed, its significance for the new international economic order will depend on the other elements of the Integrated Programme for Commodities, which are yet to be finalized.

Perhaps the one immediate advantage of the outcome of the recent Geneva negotiations is that the absence of the need to negotiate on this issue at this Conference will afford us the necessary time to deal satisfactorily with the remaining issues of the Integrated Programme for Commodities.

The Integrated Programme for Commodities in its entirety must now be considered as being beyond debate. A facility for compensatory financing for shortfalls in export earnings and measures to enable developing countries to derive benefits by the processing and marketing of their commodities are essential requirements.

The structural features of the debt problem of the developing countries have not been addressed by the international community. Indeed, the resolution of the Trade and Development Board on retroactive terms adjustment is only a temporary palliative, although of some importance for the debt problems of a special category of developing countries.

Within the context of measures adopted in the resolution to deal with the structural aspects of debt reorganization, my delegation calls upon this Conference to take immediate steps to finalize arrangements for the establishment of a multilateral mechanism with responsibility for assisting developing countries to resolve their underlying debt problems.

The study prepared by UNDP and UNCTAD for the Group of 24 confirms what has been our own experience in Jamaica: that a significant part of the balance-of-payments problem of developing countries is of external origin and rooted in structural factors. We concur with the principal conclusions of the study that there is need for a medium-term balance-of-payments facility of a significantly larger size than the present arrangement, and based upon modalities and procedures more appropriate to the nature of the problem and the needs of developing countries.

The Conference should agree to invite IMF as a matter of urgency to prepare a detailed study for the establishment of such a facility.

With regard to technological transformation in the developing countries, the Group of 77 has virtually reached the limits of its capacity to make further concessions in the negotiations for a code of conduct on the transfer of technology.

At this level of decision-making competence, we share an obligation to agree on the adoption of a legally binding and universal code of conduct to ensure that the international community benefits from the capacity of technology to generate higher levels of economic activity in both the developing and the developed countries.

Money, trade, finance and development are integrally related. Currency upheavals, inflation and unemployment have led the industrialized countries to seek national remedies at the expense of others, particularly the developing countries. This has been shown most markedly in the field of trade, where protectionist measures have been introduced, restricting access and hence foreign exchange earnings by the developing countries.

Members of the Group of 77 participating in the Tokyo Round—the most far-reaching multilateral trade negotiations since the creation of GATT—have expressed dissatisfaction by not putting their signatures to the codes which would set out the rules for managing the world trading system. For us the negotiations are still incomplete.

The industrialized countries may well congratulate themselves on having secured some reprieve from the forces of protectionism that threaten to plunge the international economy into even deeper recession. But it is important to note, and note clearly, that the situation of the industrialized countries would have been much worse had not the developing countries provided sizeable markets for their exports. This constitutes a significant new reality. While capable of benefiting both groups of countries, it was the developing countries which in the last resort were the losers. They provided jobs for the industries of the North while at the same time exposing themselves to the full blast of inflation from the North. Surely this justifies the need to



establish some correlation between commodity prices and the prices of manufactured imports. In the light of all this, can we continue to disregard the call for indexation purely on the ground that our present trading regime renders it somewhat difficult to operate?

There still remains much to do in the field of trade. We must find ways and means for restructuring trade through a balanced system of adjustment which provides developing country exports with secure access to the industrialized markets. My delegation repeats its call for multilateral disciplines for this adjustment process.

A highly incendiary situation prevails and the Bretton Woods system is increasingly exposed as inadequate and anachronistic. It is clear that, in the long run, all sectors of the international community will suffer if the malfunctioning which currently exists is allowed to prevail. The industrialized countries, while claiming to recognize that the development of the third world is essential to the health of their own economies, have failed to translate their pronouncements into practical action.

Some sectors of the international community would have us pursue a semantic debate on the concept of interdependence, as though the use of old terminology in new situations could deflect us from our just demands. This concept, however defined, cannot be a substitute for the new international economic order. My delegation asserts that true interdependence can exist only among equals.

In formulating the negotiating mandate for UNCTAD for the 1980s, we have acquired enough experience to recognize that there are some differences between the stages of development of the third world.

Contrary to some expectations, this recognition has not impaired the solidarity of the third world, nor our capacity for collective action.

It was within the institution of UNCTAD that certain categories of countries were identified as deserving special assistance to overcome the peculiar structural problems which inhibit their development. We have within the framework of the negotiations for a new international economic order earmarked specific programmes to deal with the problems of the least developed, land-locked and island developing countries. We should take the step at the fifth session of the Conference of initiating the process of implementing these programmes.

In our preoccupation with restructuring North-South relationships, we should not lose sight of the enormous potential that exists for collective self-reliance among developing countries.

The developing countries have come to the fifth session of the Conference with a commitment vigorously to pursue the promotion of ECDC as the linchpin in our efforts for collective self-reliance.

ECDC is not a substitute strategy for a new international economic order. Indeed, it is a vital issue and must now be pursued concomitantly with the negotiations on all the other issues affecting the relationships between developing and developed countries. Functionally, the success of ECDC will hinge importantly on

the progress and direction of a new international economic order. This Conference must find solutions to all the outstanding issues so that the full programme of ECDC can be implemented. Without seeking to order priorities among the various aspects, my delegation renews its call for another round of trade liberalization among developing countries, and measures to strengthen regional integration among those countries.

In this statement my delegation has repeatedly stressed the overriding importance of structural factors in the international economy. The supply of energy and its implications for global economic stability and development must now be addressed as a structural issue of universal significance. Projections for global energy supply raise implications, particularly for developing countries, which are too frightening for us to ignore. All of us should go from Manila with a commitment collectively to address all the structural aspects of the question, commit an adequate amount of resources to this task and establish appropriate institutional machinery at the international level.

The fundamental restructuring of the global economic system can be achieved only on the basis of universality, equality and respect for different social and economic systems. We are not concerned merely with removing the inequities and imbalances deriving from the past; we are seeking to shape the future. In the pursuit of this objective it is vital that the initiative taken at the fourth session of the Conference to promote trade and economic relations between countries having different social and economic systems should be pursued.

The fifth session of the Conference could make no better contribution to the global development effort in general, and the development of developing countries in particular, than to take the necessary political decisions on the basic proposals deriving from the historic Manila Declaration, which have been exhaustively and comprehensively examined over the past three years and the results of which are reflected in the Arusha Programme for Collective Self-Reliance and Framework for Negotiations which has been presented to this Conference.

I hope my colleagues will forgive me if I make reference to a sensitive point. I do not believe that the time now spent in making formal statements and reiterating well-stated positions represents the best use of ministerial time. I would prefer to speak with my colleagues instead of to them. My own consultations suggest a preparedness of delegation heads to curb our propensity to speak for home consumption and to devote our energies instead to producing the concrete results which our people demand. I would suggest that we take a firm decision to discontinue this time-consuming exercise and instruct the Trade and Development Board to propose a more satisfactory alternative.

To what extent will our deliberations and our negotiations here chart the destiny of mankind in these uncertain times? We will know the answer in part when, at the end of this month, we emerge collectively with a mandate, a plan of action which will provide us with the basis for implementing commitments we have under-

taken at this ministerial Conference. We cannot justify dilatory tactics by postponing decisions until the eleventh special session of the General Assembly, next year, nor need we await the formulation of the international development strategy.

Let us be bold and daring, and turn stumbling blocks into stepping-stones. Let us not evade the responsibilities for putting into practice such policies and programmes as will remove the more blatant inequalities and injustices that stalk the world, ever ready to engulf the weak and the strong, the timid and the bold.

**Statement made at the 153rd plenary meeting, on 10 May 1979,  
by Mr. Masayoshi Ohira, Prime Minister of Japan**

Mr. President, may I first of all offer you my warmest congratulations on your unanimous election to the presidency of this fifth session of the United Nations Conference on Trade and Development.

Your outstanding diplomatic talent and skill, cultivated during your many years at the United Nations, is acknowledged by us all. I am convinced that your presidency guarantees the success of this Conference.

I would like to express my thanks to President Ferdinand E. Marcos, the host of the Conference, and to the Government and the people of the Philippines. I have always felt the greatest respect for the leading role President Marcos is playing in the North-South dialogue.

Profound tribute is due also to Mr. Gamani Corea, the Secretary-General of UNCTAD, for his initiatives and for his dedicated work.

Representing, as I do, a country of the Asian and Pacific region, I am very happy that the fifth session of the Conference is being held here in Manila.

In Asia, determined and realistic efforts are being made to attain greater stability. The regional co-operation of ASEAN is an important and very encouraging example. Japan will make an increased contribution to the various efforts of the region to maintain peace and to achieve development.

Fifteen years have passed since the first session of the Conference was held in 1964. Each of the past four sessions has provided a vital forum for the North-South dialogue. I believe, however, that the present session is of special significance.

This is not only because this session is entrusted with the task of giving the right orientation to the formulation of the International Development Strategy for the Third United Nations Development Decade. It is also because it has the historic task of seeking a just and equitable North-South relationship for the 1980s, and into the 21st century.

One very important reason for my coming to Manila is that I want to be better able to convey to the Heads of Government attending the Tokyo Conference in June

In a most inspiring address, President Marcos has rightly reminded us of the indivisibility of the human race and the responsibility we all share for its future. As we meet in this historic city of Manila, and savour the ample hospitality which has been extended through its Governor, First Lady Imelda Romualdez Marcos, let us not forget that the eyes of the world are focused upon us. We cannot avoid its concentrated gaze. I trust that the delegates here assembled will determine measures that will serve to eradicate poverty, injustice and degradation from the face of the earth, so as to fulfil the true hope of all mankind.

what the developing countries feel about the North-South problem.

The Arusha Declaration of the Group of 77 was formally presented the day before yesterday.

I am deeply impressed by the Declaration, which speaks in its preamble of the responsibility of the developing countries to find effective solutions to their acute social and economic problems and to promote self-reliance and effect structural changes. Defining what "peace" really means, the Declaration states that a just peace is not only the absence of war but must also provide conditions for political freedom, development of the developing countries and the promotion of orderly world development.

Japan shares the view expressed in these words.

This is the era of interdependence. No nation, developed or developing, can achieve economic development and improve the quality of its life without harmonious development and expansion of the world economy as a whole. Thus, each nation has its own role to play and its own obligation to fulfil for the stability and expansion of the world economy. It was on the basis of this awareness that the developed countries agreed on the need for "concerted action", each adopting measures appropriate to its economic situation, to overcome inflation, recession and protectionism. The positive adjustment policies followed by the developed countries are also based on the same awareness.

Such efforts are aimed, primarily, at ensuring the steady growth of the world economy, thus increasing confidence in its future. This will provide a setting for the developing countries to accelerate their development.

The importance of the developing economies is steadily increasing. As the report of the UNCTAD secretariat shows, the share of the developing countries in total world exports increased from 17 per cent in 1970 to 24.6 per cent in 1976.

This implies that developing countries are assuming a growing role and responsibility in resolving problems of the interdependent world economy. The North-South problem should accordingly be approached not through

confrontation but through concerted action by all the countries concerned.

It was in no remote period that my country set out to modernize. Consequently, we Japanese are in sympathy with the aspirations of the developing countries to establish a new, just and equitable international economic order.

The international community must respond positively to the legitimate desire of the developing countries to attain economic independence. It is therefore essential to assist the efforts of self-reliance of the developing countries by such measures as the transfer of resources and technology from developed countries.

At the same time, however, the North-South problem cannot be resolved unless the developing countries themselves are prepared to devote the requisite will and effort to their own development. I believe that the concept of collective self-reliance, which is now being discussed among the developing countries, has its origins in such an awareness.

It is my belief that effective co-ordination and co-operation in our interdependent world can be attained only on a foundation of positive individual action by every country of the world community. Every country should strive, in accordance with its stage of development, to increase its capability by mobilizing its human and natural resources within the framework of a long-term vision of economic and social development.

Japan is aware of its basic dependence on a world of peace and development. Thus we are prepared, today, to contribute more positively towards the harmonious development of the entire world economy, commensurately with our increased economic capabilities.

We shall aim at an economic growth rate higher than that of other developed countries, mainly through an increase in domestic demand.

We shall promote the sophistication and rationalization of our industrial structure.

We believe these policies will contribute to strengthening the open trade system and to promoting industrialization and exports of developing countries.

In the multilateral trade negotiations initiated with the Tokyo Declaration in 1973, Japan has made the utmost efforts to lower trade barriers, such as customs duties on products of interest to the developing countries, including tropical products.

I hope most sincerely that the results of the negotiations will be implemented by as many countries as possible. This will greatly contribute to the expansion of the entire world economy and substantially benefit developing economies.

Imports under my country's GSP had increased to \$2.3 billion by the fiscal year 1977. In the light of the objective of the system to enable the less competitive developing countries to benefit from international trade by increasing their exports, my Government will consider introducing special measures for the least developed among the developing countries. This is one of Japan's efforts to improve the GSP.

Japan is adopting other measures as well to expand imports of products from the developing countries. As a result, Japan's imports of manufactured goods from the developing countries increased fourfold between 1970 and 1977, from \$1 billion to \$4 billion. Their share in Japan's total imports of manufactured goods rose from 18 per cent to 26 per cent in that period.

My country has been participating actively in the implementation of the Integrated Programme for Commodities. The recent agreement on the fundamental elements of the Common Fund proved the North-South dialogue to have been fruitful. I am pleased that Japan was able to make a positive contribution to bringing the negotiations to a successful conclusion.

It is vital that the Common Fund should begin to operate at the earliest possible date and with the participation of as many countries as possible. The Fund will then be seen to be one of the most magnificent achievements of UNCTAD.

It is necessary that the Fund be established in a way which satisfies most member countries, so that there will be good prospects for the participation of a large number of countries. The Government of Japan is ready, when the Fund has been established in such a manner, to give an adequate amount in voluntary contributions to the second window. At the same time, we expect the Fund's first window, which is to support buffer stock financing, to be able to fulfil the major task.

Another example of the successful working of the Integrated Programme for Commodities is the agreement reached in April on the main economic elements of the natural rubber agreement. It is particularly gratifying that the negotiations were carried out in a friendly dialogue between producer and consumer countries.

Let me now turn to Japan's ODA. My country is striving to expand its ODA to assist the efforts of developing countries to achieve self-reliance for their socio-economic development.

We have set the medium-term target of doubling our ODA, which in 1977 amounted to more than \$1.4 billion, within the three years starting from 1978.

In line with this target, Japan provided \$2.2 billion in ODA in 1978, a 56 per cent increase on the previous year's level.

Furthermore, we gave special consideration, in spite of severe budgetary limitations, to the expansion of our ODA budget for the fiscal year 1979, and took the necessary legislative measures.

In fact, Japan's ODA has in recent years been increasing so rapidly in dollar terms that it will certainly be doubled by the target year of 1980.

Japan will continue to maintain this positive attitude thereafter, increasing its efforts to expand the volume of its ODA with a view to raising its ratio to the GNP. In parallel with this, we shall continue to improve the quality of our assistance by increasing the grant element and by implementing the policy of general untying of our financial assistance.

Moreover, with respect to ODA, my Government is giving special consideration to the needs of the low-

income developing countries. Indeed, 64 per cent of Japan's bilateral ODA in 1978 went to developing countries with a *per capita* GNP of less than \$400.

With regard to the debt problem of the poorer developing countries, Japan is already implementing measures to give additional grant aid to the least developed among the developing countries and the most seriously affected countries, in line with resolution 165 (S-IX) adopted at the ministerial meeting of the Trade and Development Board in March 1978.

My country has already honoured its additional assistance commitment for the low-income developing countries made at the Conference on International Economic Co-operation in 1977. This was done mostly in the form of grants in the course of the last fiscal year.

My country will continue to expand and to improve its ODA to low-income developing countries, especially to the least developed ones.

My country attaches great importance to economic co-operation through international organizations. Japan is ready to contribute positively to both the general replenishment of IBRD and to the sixth replenishment of IDA, both of which are currently being discussed.

Japan is an active contributor to the regional development banks, such as the Asian Development Bank, the African Development Fund and the Inter-American Development Bank, being the principal contributor to the first two.

In the area of international balance of payments support, my country has also been playing its full part in the activities of IMF directed towards establishing or improving various facilities with a view to meeting the developing countries' requests.

In view of the seriousness of the world's food problem, my country is determined to continue to contribute actively to programmes and projects for increased food production in areas, such as Asia, where serious food shortages are anticipated.

Permit me to take this opportunity to emphasize the importance of the development of human resources, which, I believe, will contribute significantly to the building of a prosperous and harmonious world for the 21st century.

The development of human resources is the very foundation of nation building.

In its modernization, Japan, poorly endowed with natural resources, was guided by this conviction, placing great emphasis on education.

Now is the time to embark on a world-wide development of human resources. The virtually limitless talent of the young people of the world can be tapped through international co-operation. Such efforts throughout the rest of this century will surely be of historic significance.

In order to develop and utilize the talents of our young people, it is essential to expand school education and to train experts and technicians so that transferred technology may take root. It will also be vital to promote educational activities of local communities so that the widest possible range of people will take a greater interest in development and make meaningful growth possible, today and in the decades to come.

To achieve this, we must actively promote broadly based international co-operation—economic, technical, cultural and of other types—fully utilizing the mass media. Such co-operation will bring about person-to-person contact. Together with intensified international exchanges in a wide range of fields, such as culture and sports, this co-operation will contribute immensely to the growth of mutual understanding within the global community and to the building of a productive 21st century.

We are most willing to share the lessons of our own experience of development with the peoples of the developing countries. Japan has always attached great importance to technical co-operation, including the training of experts and technicians.

My Government intends to place increased emphasis on co-operation for the development of human resources in our future aid policy, intensifying co-operation in the areas of education, technical training and international cultural exchange.

I shall be extremely happy if emphasis on the development of human resources is in some way reflected in the new International Development Strategy for the Third United Nations Development Decade.

In the interdependent world of today, Japan is closely linked to countries of both North and South. Its future is dependent upon the harmonious development of the world community. Japan is therefore committed to intensified, persistent and determined international efforts to find a satisfactory solution to the North-South problem as we approach the 21st century.

In conclusion, I earnestly hope that the coming four-week session will, under the able guidance of the President successfully carry out the task entrusted to it.

**Statement made at the 156th plenary meeting, on 11 May 1979,  
by Mr. Najim Eddin Dajani, Minister of Trade and Industry of Jordan**

May I at the outset offer my delegation's special and sincere tribute to President Marcos for his keynote address at the commencement of this session. His words were most inspiring, and my delegation will honour his words and counsel by contributing in a modest manner

to the success of this fifth session of the United Nations Conference on Trade and Development. We shall assume our share of the burden to make this Manila Conference a truly meaningful and action-oriented assembly.

The welcoming address of Mrs. Marcos was equally moving and thought-provoking. Her humanistic approach to our deliberations and challenges was amply clear when she reminded us that economic development must be man-oriented, and that woman and man and their children must be the ultimate objective of development. After all, we live in a world where basic human rights are inseparable from all phases of development, and this year is the International Year of the Child.

Mr. President, your election by acclamation to the high post of President of this great assembly is a living and true testimony to your proven activities and integrity. My delegation's congratulations go also to the Vice-Presidents and the Rapporteur on their election. I believe we have now an excellent Bureau with which we shall work and co-operate.

In my statement I shall try to heed the President's recommendation to be as brief as possible and address myself to some of the basic issues and topics under consideration. The number of items on our agenda and the complexity of the issues under consideration will use up all our time during this session, and therefore I shall try to concentrate only on some of the issues on which the Jordanian delegation would like to express its opinion, and hence confine myself to few observations. At the same time I would like to beg your indulgence because I wish to express my views in a candid manner.

The Conference is meeting at a crossroads when the drive for accelerated development appears to have run into some uncertainties and hardships in many countries in some regions. There was a noticeable slow-down in the rate of growth in many developing regions in 1978, and although industrial and manufacturing activities have witnessed some improvement, we find that agriculture and mining are lagging behind. Although most developing countries continue to face serious problems in their balance of payments and many of them still experience very high rates of inflation, the external indebtedness and debt servicing burdens of most developing countries have been getting worse. We have been particularly fortunate in Jordan that we have been able to improve our situation and even overcome these difficulties in a sound and manageable way. Jordan's productive activity has been expanding at an accelerated rate as a result of a favourable investment incentive climate and careful economic planning.

In our recent deliberations at the sixth session of the Economic Commission for West Asia, which was held less than two weeks ago, it was stated by the Under-Secretary-General for Economic and Social Affairs of the United Nations that the net flow of ODA from developed market economies in 1977—the latest year for which such information is available—amounted to only 0.3 per cent of the GNP. It is obvious that the net flow provided by them was less than one half of the target of 0.7 per cent of the GNP fixed by the General Assembly. The comparable ratio for the net flow from the centrally planned economies was much smaller. By contrast, the net flow provided by the oil-producing countries for development purposes far exceeds the target figure. These results should be taken very seriously in trying to assess our programme for collective action and a negotiating strategy. The inevitable conclu-

sion one draws on the whole from a survey of developments in 1978 is that economic co-operation at the international level leaves a great deal of doubt and misgivings.

The progress made since the fourth session of the Conference, at Nairobi, has been disappointing due to lack of political will and even lack of consistency in dealing with different issues at different meetings. There has been serious fragmentation of the issues involved rather than concentration on basics and the accomplishment of concrete results. We are trying to achieve too much, but in doing so we are also not doing enough. The general feeling is that of dissatisfaction because not enough is being done. Dissatisfaction is felt not only with regard to relations between developed and developing countries, but also between groups of different economic and social systems, as well as between members of developing countries. The debates that take place in these meetings and conferences seem to represent a substitute for action or remedies. These international platforms were not meant to be a painless substitute for action or remedies.

Considerable debate has taken place during the last three years on questions of detail. Many meetings at various levels are taking place and are being continuously scheduled without any tangible or satisfactory results for the developing countries. Consequently some frustration seems to be developing as well as, to a certain extent, confrontation and polarization of positions. A quick glance at our agenda for this session reveals the large number of proposals and projects it contains. Even a new vocabulary or glossary will be needed to sort out the organizations involved. They range from such organizations as State trading organizations, multinational marketing enterprises, centres for the transfer of technology and multinational production enterprises to insurance and reinsurance schemes, banks, etc. The list is quite long and the objectives are sublime, but the political will and the managerial steps required are not up to these objectives.

The world economy, as stated above, is still in crisis and in a state of disequilibrium. The developed countries seem to be able to shift some of their problems to the developing countries as a means of partially alleviating their own problems and partially offsetting their failure to undertake hard economic measures. The existing economic order is not only inequitable but is also functioning inefficiently. In this respect the developing countries have consistently emphasized their relative inability to participate in the decision-making process in a manner likely to reflect their needs and aspirations and the size of the problems confronting them. We hope that we at this meeting will be able to resolve some of these basic hard-core issues, instead of overextending ourselves on too many issues at the same time without having the necessary basis on which to build.

This brings me to my next observation with regard to the formulation of a new international development strategy for the Third United Nations Development Decade. This strategy, by the decision of the General Assembly, should be directed towards the establishment of the new international economic order. We support

the recommendation of the Committee for Development Planning, which emphasized that the International Development Strategy for the 1980s should be concerned as much with institutional and qualitative change as with the achievement of quantitative targets of economic growth.

However, as the Committee for Development Planning has put it, "a primary objective of the International Development Strategy should be to create the favourable external conditions in which the developing countries will be able to pursue successfully their national objectives of self-sustained development". The General Assembly expects to adopt the text of the International Development Strategy at a special session to be held in 1980. This is a major task which requires the assistance of as many countries as possible during the coming months.

It is to be noted, however, that the formulation of the Strategy is not an end in itself and requires its translation into operational plans by Government, as well as by the international organizations involved.

It has been noted that the tide of protectionist measures taken by the developed countries has adversely affected the developing countries, particularly in respect of their exports of manufactures and semi-manufactures, with very serious consequences for their economies. These protectionist trends continue at a time when many countries which practise such policies seem to be able to accumulate surpluses in their balance of payments. Complaints have been voiced recently against such practices, not only by the developing countries but also by some of the most developed countries of the world. This necessitates joint action which will include a strategy for surveillance, as well as the removal of various kinds of restrictions. In this respect, it has to be noted that in our area of Western Asia there has been a rapid expansion of markets for goods and services produced in the region because of the virtual absence of any fiscal or quantitative measures. Such practices have stimulated greater co-operation between member countries of the region, as well as with other developing countries. It is also noteworthy that the development financing which has been provided by members of this group of Arab States to other developing countries has been quite generous.

It has been noted recently that the principle of "financial graduation" has been applied by some of the international financial institutions. This principle has also been followed by some countries in their bilateral aid. We reject this principle since it has been applied arbitrarily and without the establishment of objective criteria. The establishment of objective criteria is a necessary prerequisite, and should take into consideration real economic factors rather than absolute figures based on *per capita* income without adequate examination of the nature and uncertainty of the elements that constitute these figures.

My delegation contends that the Common Fund is by far the most relevant and concrete achievement of UNCTAD thus far and finalization of the decision to establish the Fund figures prominently among the issues of the ongoing North-South dialogue. My delegation was most gratified to note that leaders of various

delegations have seized upon this opportunity to declare their pledges and support to the Common Fund. We must continue the momentum generated at the last negotiating Conference in Geneva when an agreement was reached on the Common Fund, and the fifth session of the Conference provides the opportunity to conclude the remaining work. Equally promising in the context of UNCTAD could be the code of conduct for the transfer of technology. We believe that this Conference could and should contribute to the solution of the issues still outstanding in the negotiation of the code. We submit that the code should be legally binding, in order to serve as one of the key instruments in the establishment of the new international economic order. The development aspects of reverse technology are a matter of the utmost concern to my delegation, and when Crown Prince Hassan of Jordan submitted his ideas to the International Labour Conference in 1977 they were offered in a meaningful and concrete way to alleviate the hardships which afflict the developing countries whose skilled people migrate to develop the economies of other countries.

Investment in man is no less important than investment in machines, and my Government contends that the losses and gains ensuing from the migration of professional and skilled persons must be equitably shared by the sending and receiving countries. My delegation proposed, during the last deliberations of the Committee on Transfer of Technology, that compensatory measures might also, *inter alia*, take the form of investment in the country which provided the professional and skilled persons by the country or countries which received them.

Among the important challenges confronting the fifth session of the Conference is the equitable participation of developing countries in world shipping and the development of their merchant marines. In this respect UNCTAD could play a constructive role by providing technical assistance and training, including such measures as fleet development, ship operation, chartering, brokerage, etc. Related to this issue is the need to prevent the abusive use of flags of convenience.

My delegation attaches considerable importance to economic co-operation among developing countries having different economic and social systems. Our position on this issue has been aired and enunciated in many international gatherings. I am happy to state that our words are matched by deeds. For example, Jordan concluded 17 trade and co-operation agreements with various countries having different economic and social systems, and on both sides of development, during 1977 and 1978.

It was not my wish to burden this meeting with the special problems of the Arab-Israeli conflict and its impact on economic development in our area. However, I feel it is my duty to make a brief observation in response to the remarks made by the representative of Israel. I shall confine myself to pertinent matters related to the work of this Conference rather than elaborate on the negotiating strategy and the unusual concept of peace as understood by the Israeli representative.

We are fully convinced that, for international trade and co-operation to flourish, a just and comprehensive peace is a primary prerequisite. Unfortunately such a



condition has been sadly absent. Israel wants to conclude peace but at the same time to control and occupy Arab lands. Recent developments, and particularly the conclusion of the Treaty between Egypt and Israel, have further complicated matters in so far as they have created a new situation without taking into consideration the basic problems of the occupation of Arab lands and the solution of the Palestine question. The situation is further complicated by the fact that new relations are established, thereby making the task of economic co-ordination and integration between the Arab countries with which Egypt was until recently closely associated an impossible one.

Our efforts to create a better society and a new economic order cannot succeed unless they are based on the equitable solution of the fundamental problems of

our people, who continue to live under abject conditions of military occupation. If these basic problems are not resolved, the seeds of danger and explosion will remain viable and efforts aimed at development and growth will be short-term and subsidiary to other requirements. UNCTAD cannot operate in isolation of these problems, which have a direct impact not only on economic conditions in our region but also on the world economy as a whole.

This great Manila Conference affords us a historic opportunity to resolve the hard-core issues before us. Let us not fail our fellow man who waits with anticipation and anxiety. This requires co-operation on the part of all of us, and above all it requires political will on the part of the developed countries to contribute concretely to the success of our meeting.

**Statement made at the 159th plenary meeting, on 15 May 1979  
by Mr. Ellud T. Mwamunga, Minister for Commerce and Industry of Kenya**

Allow me, Mr. President, to begin by joining other distinguished ministers who have spoken before in congratulating you warmly on your election to preside over this important fifth session of the United Nations Conference on Trade and Development. My delegation is most satisfied to work under your enlightened and able leadership, and we are confident that with your distinguished service within your Government and the vast wealth of experience in international affairs which you have accumulated, you will steer this meeting to a satisfactory and fruitful conclusion.

I would also like, on behalf of my delegation, to extend our appreciation and indeed pay tribute to President Ferdinand E. Marcos, Mrs. Marcos and the Government and the people of the Philippines, for the genuinely very warm reception and hospitality that they have accorded to us since our arrival in this beautiful and great country.

Manila is of course not unknown to most of us; it was in this same city that member countries of the Group of 77 adopted the famous Manila Declaration and Programme of Action in 1976 which acted as our bargaining platform during the fourth session of the Conference, which my country had the honour to host in Nairobi three years ago. This time we have the Arusha Programme for Collective Self-Reliance and Framework for Negotiations, which was approved by the fourth Ministerial Meeting of the Group of 77 at Arusha. At that meeting, the developing countries reviewed the deep-seated structural malfunctioning of the international economic system, the concomitant need for fundamental structural changes to it, and to that end proceeded to make certain recommendations which, in their view, would alleviate the situation currently obtaining.

In our intervention, my delegation will not dwell at length on the substance of the Arusha Programme, so ably introduced by the representative of the United Republic of Tanzania, our neighbour and friend, but will instead make some observations on a few salient

issues which, due to their importance to Kenya, we feel should be stressed and highlighted.

Like most other developing countries, we in Kenya attach great importance to the question of commodities. Our concern in this field assumes even greater proportions and urgency when it is recalled that, for us in Kenya, agriculture forms the backbone of our economy. We depend heavily on such products as coffee, tea, cotton and pyrethrum for our development finance. We also depend heavily on them for the foreign exchange that we need for the purchase of the capital goods required in our industrialization programmes. This is why my country has been following and participating actively in all the commodity negotiations, and especially in the more recent ones on the Integrated Programme for Commodities and on the Common Fund.

In this regard, while the Kenyan Government welcomed the recent successful conclusion of the three-year negotiations for the establishment of the Common Fund, we would nevertheless like to state here that we were not particularly overjoyed with the nature of the final compromise that was arrived at in Geneva. Throughout the protracted negotiations we nursed the hope that the capital structure of the Common Fund would be established at a level of magnitude adequate to enable the Fund effectively to attain the objectives of the Integrated Programme for Commodities as envisaged in Conference resolution 93 (IV). Much as we would like to welcome the recent breakthrough in Geneva, it is our view that the level of the capital structure that was agreed upon as a compromise for both the first and second windows might unfortunately and in the long run prove to be less than adequate effectively to finance the whole range of measures in the Integrated Programme for Commodities. Furthermore, and even more disquieting, is the fact that the qualified majorities in the voting structure that was again agreed to in a compromise decision could at a later date hinder the operations and future improvement of the Common Fund. It is consequently our fervent hope that, during the

forthcoming discussion of the articles of agreement, delegations will be afforded the opportunity to re-examine the Geneva decisions with a view to effecting the improvements which, in our view, are important if the Common Fund is to become the "key element" and the pivotal financing institution that we had all hoped it would be.

Developments in the field of international trade have not been at all favourable to the developing countries. The efforts of these countries to expand their production and exports of manufactures and semi-manufactures have been frustrated by the protectionist and discriminatory policies of the developed countries.

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In this regard, while the Kenyan Government welcomed the recent successful conclusion of the three-year negotiations for the establishment of the Common Fund, we would nevertheless like to state here that we were not particularly overjoyed with the nature of the final compromise that was arrived at in Geneva. Throughout the protracted negotiations we nursed the hope that the capital structure of the Common Fund would be established at a level of magnitude adequate to enable the Fund effectively to attain the objectives of the Integrated Programme for Commodities as envisaged in Conference resolution 93 (IV). Much as we would like to welcome the recent breakthrough in Geneva, it is our view that the level of the capital structure that was agreed upon as a compromise for both the first and second windows might unfortunately and in the long run prove to be less than adequate effectively to finance the whole range of measures in the Integrated Programme for Commodities. Furthermore, and even more disquieting, is the fact that the qualified majorities in the voting structure that was again agreed to in a compromise decision could at a later date hinder the operations and future improvement of the Common Fund. It is consequently our fervent hope that, during the forthcoming discussion of the articles of agreement, delegations will be afforded the opportunity to re-examine the Geneva decisions with a view to effecting the improvements which, in our view, are important if the Common Fund is to become the "key element" and the pivotal financing institution that we had all hoped it would be.

Developments in the field of international trade have not been at all favourable to the developing countries. The efforts of these countries to expand their production and exports of manufactures and semi-manufactures have been frustrated by the protectionist and discriminatory policies of the developed countries.

There is therefore a need fundamentally to restructure world production and trade in manufactures and semi-manufactures, and to change the existing trade patterns and industrial policies both of the developed market-economy countries and their transnational corporations and of the centrally planned economy countries. The economy of my country, like that of most other developing nations, is still in the process of industrialization and transformation. This process will be further frustrated unless the developing nations are assured of free and continuous access to the markets of the developed countries for their products. My delegation therefore calls on this Conference to pay full attention to the problems of the market barriers imposed by the developed States, and to take decisions and provide guidelines for short-term and long-term solutions to these problems.

As for the multilateral trade negotiations, we note with grave concern that the developed countries have in the past failed to pay adequate attention to the concerns and interests of the developing nations, consistently with the commitments assumed in the Tokyo Declaration. Measures must be taken to correct the existing situation perpetuated, *inter alia*, through the protectionist policies of the developed countries and the restrictive business practices of their transnational corporations.

My Government believes that the Lima target of a 25 per cent share for the developing countries in world production of manufactures by the year 2000, and the need for a corresponding increase in their share in world trade in manufactures to 20 per cent, can be achieved only if concrete policies are adopted and measures taken which will result in greater participation of those countries in world trade in manufactures. My delegation therefore reiterates its support for the Arusha Programme adopted earlier this year, in which the Group of 77 member countries called on the developed nations to make appropriate adjustments in their trade policies. We call on the developed countries immediately to eliminate all their discriminatory policies and practices and to adopt trade policy measures which will not hinder the developing nations in exporting their manufactures and semi-manufactures, with a view to attaining the Lima target by the year 2000. In this respect, it is essential that all countries, especially the industrial countries, honour their past commitments in this regard. We also call on the international community, and in particular UNCTAD and UNIDO, to co-operate more closely in respect of manufactures and semi-manufactures.

In the field of money and finance, Kenya would like to stress the urgent need for a fundamental reform of the international monetary system, because the *ad hoc* measures taken since the breakdown of the Bretton Woods system in 1971 have not been satisfactory and large payments imbalances have persisted. In particular, balance-of-payments problems are preventing African countries from meeting even the modest growth targets laid down for the United Nations Development Decade. There can be no doubt that increasing the real export earnings of developing countries is the solution most of us would prefer and, according to studies carried out by the World Bank, it is one that has considerable poten-

tial. It was estimated that a substantial liberalization of policies affecting imports of primary commodities by developed countries would increase the exports of developing countries by \$12 billion per annum by 1980. If to this is added a reasonable increase in exports of manufactures and an overall increase in the share of value added accruing to the exporting developing countries, then their dependence on financial transfers could be greatly reduced.

It must be realized, however, that such a state of affairs has not materialized, and for that reason the issue of the transfer of real resources for financing development has to be accorded high priority. The Arusha Programme for Collective Self-Reliance and Framework for Negotiations identifies a variety of ways in which a massive increase in transfer can and ought to be brought about. I do not intend to go into any detail in pointing out a few aspects which we feel need particular attention. There are measures which have already been evolved but, despite certain decisions taken recently on increasing IMF quotas, the establishment of a supplementary facility and a new allocation of SDRs, there is still need for improvement in their characteristics. It is quite obvious that these decisions have not gone far enough in making SDRs the principal international unit of account of the international monetary system or in ensuring an equitable distribution of international liquidity. The examination of measures which would enable the multilateral development institutions to expand their programme assistance and local-cost financing and to reach the norms of bilateral development assistance has been proposed and recommended.

I would like to indicate that my Government fully supports these proposals and that we urge their implementation.

Secondly, those of the developed countries that are lagging behind the achievement of the 0.7 per cent target of ODA should make an extra effort to increase substantially their transfer of concessional financial resources to developing countries. We believe that the suggestion which has been made that each developed donor country should adopt an interim three-year plan under which it would commit itself to disburse ODA at an agreed minimum rate merits very serious consideration by the developed countries. The plan, as has been pointed out, would involve relatively greater efforts on the part of countries that have lagged behind in the past. This will require high priority, since it is quite obvious that ODA target performance by these countries has not been impressive. Serious consideration should be given at this Conference to the proposal that there should be a general increase in real terms in present total ODA to developing countries, and that the amount in real terms of ODA flows to the least and most seriously affected countries should be doubled. I should also like to stress the importance of the need for the bulk of ODA funds to be made available in the form of programme assistance and local cost financing. It would be a step in the right direction if developed donor countries would seriously consider moving away from the traditional approach of project financing in view of the general economic circumstances in recent years.

I would now like to focus attention on the closely related issues of the shortcomings of the international

monetary system and the debt burden of the developing countries. The Government of Kenya lends its full support to the proposals of the Group of 77 regarding, *inter alia*, the effective participation of developing countries in the monetary decision-making process that affects them so vitally, the proposals for the improvement of IMF facilities for balance-of-payments support, including requests that the share of programme loans and local cost financing in total lending should be significantly increased, the appropriate distribution of increased international liquidity, and the proposal for a general increase in the capital base of the World Bank and the regional development finance institutions provided by the developed countries. The objective should be to enable them to expand their lending programme in real terms at a rate higher than that attained in the 1970s.

Since the adoption of resolution 165 (S-IX) of the Trade and Development Board, a number of developed countries have taken specific action to cancel outstanding bilateral ODA debts owed by some least developed and most seriously affected countries. I think these efforts are commendable and are appreciated. I should therefore like to take this opportunity to thank those developed countries that have already taken steps to alleviate ODA debts to these countries, including my own, for their efforts, and I should also by the same token like to appeal to those countries which have not yet done so to take the necessary measures at an early date. As regards section B of resolution 165 (S-IX), my delegation believes that the international community should endeavour to hold negotiations on detailed aspects of the future debt reorganization.

I wish now to turn to the question of technology. The transfer of technology to developing countries is of crucial importance to the economic and industrial development of these countries. My delegation strongly believes that there is an imperative need to strengthen the indigenous technological capabilities of the developing countries in order to accelerate the process of their technological transformation and development, while increasing the international flow of all forms of technology under favourable terms. To do this, measures must be taken by both the developing and the developed countries. The developed countries should not impede the acquisition, adaptation, development and application of technology. The transfer of technology and its application to the development of the developing countries should help them achieve, *inter alia*, the targets for increasing their share in world output of manufactures to 25 per cent by the year 2000, and for the agricultural and infrastructural development necessary for their social and economic transformation as well as the improvement of the living standards of their peoples.

These measures cannot be achieved without the full co-operation of the developed countries at the national, subregional, regional as well as interregional levels. My Government has established a national centre which serves as a focal point for monitoring and co-ordinating national and international activities in the technology field, including those relating to the serious problem of reverse transfer of technology. Kenya attaches great importance to the acceleration of the technological

transformation of the developing nations, and believes that this can be attained through the strengthening of the technological capacities of the developing countries themselves. In this area concrete measures will have to be taken by developed and developing countries with regard to institutional and financial arrangements as well as to the transfer of technology to developing countries.

While noting with appreciation the efforts made so far to resolve the remaining issues in the negotiations within the United Nations Conference on an International Code of Conduct on the Transfer of Technology, my delegation expresses grave concern at the lack of political will on the part of the developed countries which were responsible for the progress made at the previous two sessions of the Conference on this subject. The Group of 77 made significant concessions at the two sessions. It is therefore my delegation's sincere hope that future consultations on the outstanding issues will be successful and fruitful, and will result in mutual understanding and co-operation. We would like to see work on the code completed soon.

My delegation reiterates its full support for the position of the Group of 77 on the application of the code. We believe there is an urgent need for the developed countries to facilitate the free flow of technological knowledge to developing nations and to eliminate their restrictive practices in the transfer of technology.

I would like now to address myself to the subject of shipping. You will recall that a United Nations Code of Conduct for Liner Conferences was adopted in 1974 by a Conference of Plenipotentiaries and submitted to States for signature. It is regretted that the Code of Conduct for Liner Conferences, a Convention so much discussed and debated, and concluded in 1974, has not come into effect. The main reason is the lack of immediate support by the traditional maritime nations. However, I have now been informed that most of these nations are actively considering ratifying the Convention in the near future. We therefore, appeal to these countries to do so as soon as possible, so as to enable it to come into force.

Let me point out that the merchant marines of the developing countries are still far from being able to carry even one half of the share stipulated in the Code. There is therefore a need for maritime countries to assist the developing countries to build up their shipping fleets to be able to co-operate effectively with their partners in the liner trade.

We are hopeful that the Code will enter into force if all the member countries of UNCTAD are committed to its spirit. We believe that it is a very fitting instrument, for it has considerable scope and is readily adoptable. If all nations fail to subscribe to its operation, it will be used either unilaterally, bilaterally or multilaterally to reduce the freedom of shipping.

Although the development of national shipping fleets to carry 40 per cent or more is not willingly supported by some conferences, it goes without saying that the control by a nation of its sea-borne trade, or at least of an important share of traffic, constitutes a capital gain for its foreign trade.

A scrutiny of other papers prepared by the secretariat on this subject for this Conference reveals that the developing countries' participation in both world shipping and the carriage of their international trade by sea in its entirety is minimal. We therefore propose that action should be taken to enable developing countries to transport an equitable share of all cargoes generated by their own foreign trade, for it is their economies which bear the impact of maritime transport.

On the question of comparative labour costs, the major concern of the developing countries should be to evolve measures to ensure that their nationals receive the best possible treatment on vessels operating under flags of convenience. There are obviously widespread abuses. There is a great need to develop machinery to enforce contracts. In our view, the existence of flags of convenience in shipping is a destabilizing factor in world trade, and especially detrimental to the developing countries.

Turning now to matters pertaining to trade relations among countries having different economic and social systems, Kenya is of the firm belief that the evolution of these relations must constitute an important aspect of the new international economic order. We further believe that the socialist countries of Eastern Europe should in particular play an increasingly more active role in bringing about the early establishment of this new order. In particular, and in this regard, it is our view that increased trade with the socialist countries of Eastern Europe, like trade among developing countries themselves, is bound to add a new and significant dimension to the role and share of the benefits accruing to the developing countries from the world economy. From another perspective, these trade relations could also indeed be seen as an essential part of the need for developing countries to modify the historical patterns of trade and other relationships which have resulted in our present excessive and sometimes very adverse dependence on the developed market-economy countries. It is for these reasons that the Kenyan delegation wishes to urge that the Conference should give serious and favourable consideration to the adoption of a series of mutually reinforcing measures designed to strengthen trade and economic relations between these two groups of countries. In the sphere of trade relations, in particular, we believe that a comprehensive approach should be promoted, embracing various fields of co-operation. In this regard, we believe that the Conference should call on the socialist countries of Eastern Europe to expand and improve without delay their schemes of generalized preferences, as this is a policy measure which could improve very substantially the developing countries' access to these markets. Action should also be taken by the socialist countries to remove all forms of tariff and non-tariff barriers where they exist. This should naturally be done on the basis of non-reciprocity and non-discrimination.

Another key area, and one on which action is urgently required, is that of payments arrangements. Negotiations in this field have unfortunately progressed at a very slow pace. Nonetheless, we in Kenya continue to believe that, in order to facilitate increased and easy exchanges of goods, all payments should of necessity be made in convertible currencies. We also believe that

there is a need for substantial improvements in CMEA payments arrangements. These improvements should include, *inter alia*, the use of transferable roubles so that developing countries can use their surplus balances in transactions with other CMEA countries, or transfer such balances into convertible currencies. Finally, and given the severe payments deficits which are at present being experienced by most of the non-oil-producing developing countries, Kenya would like to request that the socialist countries of Eastern Europe seriously consider giving the developing countries assistance in financing our imports from them by, for instance, the extension of credits on concessionary terms to the developing countries for the purchase of a wide range of our import requirements, most of which are at present obtained from the developed market economies at increasingly higher and prohibitive prices.

In the field of ECDC, my delegation would like to reaffirm our conviction that such co-operation is a vital element in the overall efforts aimed at the establishment of the new international economic order. We in the developing countries have realized the importance of co-operating among ourselves in the field of trade and technology, as can be seen from the Arusha Programme for Collective Self-Reliance and Framework for Negotiations. We have identified the areas in which we can best co-operate. We have also identified the measures that each one of the developing countries should take to make this co-operation meaningful. However, there are certain support measures that the international community has to take to supplement the efforts of the developing countries to co-operate among themselves in this area if the new international economic order we are committed to establish is to be realized and to be of benefit, particularly to the developing countries. I have in mind such measures as: (a) increasing and intensifying the role of UNCTAD in the promotion of ECDC; in this regard, UNCTAD should co-operate and co-ordinate with the other members of the United Nations system; (b) UNDP should increase its IPF resources, giving particular consideration to subregional, regional and interregional projects which would promote ECDC; (c) transnational corporations operating in the developing countries should be called upon to adjust their operations to promote ECDC.

I have enumerated what in the view of my delegation are some of the most pressing problems currently confronting developing countries like my own, Kenya. Our economies are in fact experiencing worsening conditions

with each day that passes without action in these critical fields. The economic predicament in which my country finds itself at present is deep-seated and of such a complex and inherently international dimension that my Government is firmly convinced of the immediate necessity of implementing new concepts, new options and an entirely new range of international economic ground rules to govern our future international economic relationships.

The international community should not expect the developing countries to acquiesce in the prolongation of an international economic system which is in itself the greatest constraint on our development. Indeed, we shall continue to seek, actively and persistently, the removal of those man-made obstacles which are continuously being heaped on our developmental path by events and decisions to which we are not a party and on which we are not even consulted.

This was the message contained in the Manila Declaration, which was presented to the fourth session of the Conference, in Nairobi, by President Ferdinand E. Marcos on behalf of the Group of 77, and this is, once again, the same message contained in the Arusha Programme which is now before this Conference. We are in fact very hopeful that this time, at Manila, our urgent pleas will be heard and favourably acted upon. We remain with the conviction that, given the will and the requisite commitment on the part of all, solutions can still be found to bring about the realization of that just and better life which more than two thirds of mankind are at present so unfairly and so callously denied.

Benefits will have to be more broadly distributed if justice is to be served and potentially violent confrontations avoided; we should not lose sight of the fact that peace cannot be maintained indefinitely in a world where one third of the population lives in economic splendour while the other two thirds continue to be plunged in economic squalor, misery and human degradation. Accordingly, the world's wealth cannot be allowed to continue to flow to just a limited and privileged few. The immediate establishment of an international economic system which will promote rather than obstruct the economic emancipation of over two thirds of mankind is of paramount importance, for it is still our firm contention that hunger, poverty, economic deprivation and deliberate exploitation can never form a solid base for either international co-operation and understanding or international peace and stability.

**Statement made at the 149th plenary meeting, on 9 May 1979,  
by Mr. Hassan A. Al-Dabbagh, Ambassador and Permanent Representative of Kuwait  
to the United Nations Office at Geneva**

On behalf of the delegation of the State of Kuwait, I should like to begin my statement by expressing our sincerest thanks and appreciation to Mr. Marcos, President of the Republic of the Philippines, and to the Government and friendly people of the Philippines for the facilities they have made available to us and for the welcome and hospitality they have accorded to all

delegations. They have indeed spared no efforts to create an atmosphere likely to facilitate the work of this Conference and help it to achieve its objectives.

It is with much pleasure also that I congratulate the President, the Vice-Presidents and the Rapporteur on being unanimously elected to guide the deliberations of

this Conference. I am confident that the Bureau of the Conference, with the experience of its President and members in United Nations affairs and their faith in the objectives of this Conference, will constitute the best guarantee that the fifth session of the United Nations Conference on Trade and Development will mark a major step towards the attainment of the goals of UNCTAD.

UNCTAD has now been in existence for 15 years. It is fitting at this stage to review its achievements to date and the work it has yet to do. It is true, the achievements fall far short of the hopes which had been placed in it, and also that they are far from perfect. The gap between the rich and the poor countries remains as wide as ever, if it has not become wider still. Despite a measure of improvement in the growth rates of some developing countries, many others are encountering great obstacles to their efforts while others still are becoming poorer, and the rich countries continue to control the economic destiny of the whole world by virtue of the power, both visible and invisible, they wield under an economic order that is no longer able to cope with world developments over the last three decades. These countries thus prevent the developing countries from making progress and obstruct their efforts to attain their development objectives.

Despite this bleak aspect of the picture, there is a side that inspires hope and optimism and needs to be strengthened and given more attention. There is a feeling, which has emerged and grown over the last 15 years, that the developed countries have a moral and economic obligation to help developing countries towards progress and development. There is no room at this Conference for those who say that the developed countries have no part to play in advancing the process of economic growth and prosperity in the developing countries, for indeed the time when developed countries considered that they had a right to exploit the poor nations to achieve selfish interests, without any scruples or pangs of conscience, has gone for ever.

Our duty today is to translate that feeling into positive action, and to open all eyes to the fact, which is daily becoming clearer, that the only way to promote the interests of developed and developing countries alike is to intensify the collective effort to lay the foundations of a new international economic order based on justice and freedom so as to ensure the interests of all peoples. These interests are not intrinsically contradictory, but could be reconciled if developed countries were to adopt an enlightened forward-looking view, and rid themselves of old and outmoded historical notions. As evidence of this, we find that both developed and developing countries are beset with economic problems to which they cannot find a solution: it is true that their respective problems are essentially different, but they all demand a drastic solution. It is also obvious that such a solution will require a basic change in the rules of the game which still govern international trade and economic relations. Such a change could be brought about by the establishment of the new international economic order which would enable all the peoples to co-operate to secure balanced economic growth for all and thus provide the solution for all these problems, however different they may be in their manifestations.

We can save much of the efforts wasted in our negotiating conferences and avoid violent developments which are not in the interest of any of us if all countries, and notably the developed countries, arrive at the conviction that there is no longer any scope in our small interdependent world for developed countries to continue increasing their growth without giving much thought to the developing peoples.

Among recent positive achievements within UNCTAD is the agreement on the general principles for the Common Fund under the Integrated Programme for Commodities. This agreement has been reached after a series of meetings that lasted almost three years.

Although the agreement reached on this subject last March may, in the view of many, fall short of their aspirations, and this view may be shared by the Government of Kuwait, yet my Government regards the agreement as the first step in the 1,000-mile journey. We therefore support the agreement, and declare that we shall spare no efforts to develop the Fund on a practical and realistic basis that will enable us to attain the desired target and permit some developing countries to regain their right to exploit their own natural resources for the good of their peoples and the world at large.

Kuwait, like many another developing country, long endured such circumstances in which it saw its whole natural wealth—a non-renewable resource—going to the developed countries at a token price, in the determination of which it had no say, until it regained its right to control its own wealth.

My country, however, knows by experience that the road to the recovery of our rights from the developed countries is a long and arduous one. The purchasing power of our oil decreases daily and, despite the obvious risks, the tendency in the developed countries to waste energy and use it to excess still continues. In the past we were told that we had a moral obligation to supply the developed countries with all their energy requirements as assessed by themselves; but we now find that these countries speak of their right to transfer oil from developing countries for the purpose of storing it in their own depots.

It is no secret that some oil companies in the developed countries have recently exploited events to create an artificial crisis so that they may raise prices to unreasonable levels, thus netting huge profits that have been questioned even by their own Governments. Thus the OPEC countries were constrained to adopt special measures to ensure that the developing countries obtained their share of petroleum at the fixed price and to warn foreign companies of the penalties they would incur if they tried to withhold the oil needed by the developing countries or to manipulate oil prices. This example may provide concrete evidence of the need to control the activities of multinational corporations, one of the tasks assumed by the Conference.

Kuwait's experience in this field has prompted it to adopt a two-pronged policy. On the one hand, it is conscious of its duty to help the developing countries improve their economies. Thus it was the first developing country to set up a fund to provide economic assistance to other developing countries. The Kuwait Fund for Arab Economic Development, established towards the



end of 1961, continues to grow and to expand. Over the last 18 years, its capital has multiplied by 25 to a figure of \$3.5 billion, and its activities have extended beyond the Arab countries to many developing countries in Asia and Africa. The Fund has been a pathfinder for other similar funds which are carrying out an ineluctable duty towards many developing countries.

On the other hand, Kuwait supports all the programmes adopted by the Conference which are designed to restore to the developing countries their supreme authority over their natural resources, to give them a say in determining the prices of their primary commodities on a just and equitable basis and to establish their right to process those commodities, thus escaping from the passive role of exporting primary materials at rock-bottom prices and importing them in manufactured form at inflated prices.

The achievement of this objective, however, which has been called for by international conferences held at the highest levels, requires essential changes in the economic relations between States. There is, for example, the question of the transfer of technology. It is a fundamental component of industrialization, which is itself the corner-stone of all economic progress. Technology should under no circumstances be treated as a commodity, with the seller exploiting the need of the purchaser, controlling specifications, the terms of sale and the price. My delegation therefore calls for the speedy formulation of an international and universally applicable code of conduct that will give the developing countries an opportunity of developing their own resources, both human and technological, and protect those resources from attempts to tamper with them.

In shipping, we find an example of the gross injustice suffered by the developing countries. It is not acceptable that the developing countries should export 90 per cent of tanker cargoes and one third of dry bulk cargoes while owning only 6 per cent of the world fleet of tankers and bulk cargo vessels. A new system has to be adopted which will enable the developing countries to carry a fair share of all the cargo generated by their external trade and ensure that shipping ceases to be a tool for pressure and exploitation in the hands of a few monopolistic companies in the developed countries.

Some developed countries export to the developing countries not only their products but also their economic troubles. Ever since the collapse of the Bretton Woods monetary system in 1971, the developed market-economy countries have been suffering from economic inflation and recession as well as from serious fluctuations in the rates of international currencies. This

had prompted some of them to resort to short-term economic policies aimed at securing a temporary recovery. However, these policies have in many cases been pursued at the expense of the developing countries, which have suffered a decline in the purchasing power of their earnings and have been faced with various forms of protectionist measures obstructing the access of their products to international markets. The endeavours of the developed countries to seek a solution to these problems unilaterally, and without any concern for the interests of the developing countries, will only increase the number and complexity of the problems. The world community as a whole should therefore adopt such measures as would lead to a reform of the international financial system and curb the epidemic of protectionism that could well lead the world to disaster.

The preceding list of areas requiring attention is by no means exhaustive, but rather indicative of the areas in which collective action is needed to make radical changes in the relevant rules so that all the peoples of the world may enjoy balanced growth in peace and prosperity.

These areas of action may at first glance appear to be purely economic in character. However, to be properly handled, they need a bold political decision that will take account of the fact that the existence of dire poverty and starvation poses a threat to the economic stability of the richest of nations. This has long been accepted by Governments at the national level, but the time has come to apply the principle at the international level.

It goes without saying that economic and social growth can be achieved only in an atmosphere of stability, the main requisite for which is peace founded on justice. However, the Middle East, of which my country is a part, is still suffering the consequences of aggression and injustice against the people of Palestine. These have extended now to the whole region, where they continue to threaten its security, prosperity and growth.

My country condemns any attempt to reach a solution of the Middle East problem in which the following conditions are not fulfilled: that the solution should be a comprehensive one worked out by all the parties concerned, that it should be based on the recognition of the natural right of the Palestinian people to self-determination, and that it should categorically reject the principle of occupation of territory by force of arms.

Any attempt to resolve the Middle East problem that is not based on these principles is doomed to failure. In fact, such an attempt is likely to create further dangers in a sensitive part of the world.

**Statement made at the 162nd plenary meeting, on 16 May 1979,  
by Mr. Khamphay Boupha, Deputy Minister for Foreign Affairs of the Lao People's Democratic Republic**

It is a great pleasure for the delegation of the Lao People's Democratic Republic and for me to attend at and participate in the fifth session of the United Nations Conference on Trade and Development here in Manila, the beautiful capital of the Philippines, with which the

Lao People's Democratic Republic maintains good relations of friendship.

On behalf of the Lao delegation, I should like to associate myself with preceding speakers in offering

sincere congratulations to General Carlos Romulo, Minister for Foreign Affairs of the Philippines, on his unanimous election to the presidency of this fifth session of the Conference. It is my hope that, thanks to his great experience and competence, the work of our Conference, the difficulties and complexity of which are obvious, will prove successful. I should also like to congratulate the Vice-Presidents and the Rapporteur on their election.

I also wish to pay tribute to Mr. Gamani Corea, the Secretary-General of UNCTAD, for his efforts over the years to reaffirm the role of UNCTAD as the principal negotiating body in the field of international trade and development.

Lastly I should like, through you, Mr. President, to express my sincere thanks to the First Lady of the Philippines, Mrs. Imelda Marcos, for her speech of welcome, to Mr. Ferdinand Marcos, President and Prime Minister of the Philippines, for his opening address, and to the Government and people of the Philippines, for their warm hospitality and their efforts to ensure the satisfactory conduct of our Conference. Through its decision to convene the fifth session of the Conference at Manila, the General Assembly of the United Nations has paid a tribute to the Republic of the Philippines, which has always played a positive part, in the Group of 77, in furthering the establishment of the new international economic order.

Three years have gone by since the fourth session of the Conference, three years during which negotiations have been initiated between the developing and the developed countries on a wide range of subjects affecting trade and development, with a view to restructuring economic relations between those groups of countries and working towards the establishment of the new international economic order, the foundation stones for which were laid at the sixth and seventh special sessions of the General Assembly.

However, in assessing the results of those and subsequent negotiations, whether in the North-South dialogue or within the United Nations system, we find that the results so far obtained are hardly encouraging and that the peoples of the developing countries are not succeeding in rapidly escaping from the poverty and economic backwardness, due to neo-colonialist exploitation, which continues to impede their economic and social progress. Most of the industrialized countries, through intransigence or lack of political will to co-operate, are refusing to adopt constructive attitudes.

Thus, to quote only a few examples, the negotiations on the Integrated Programme for Commodities and on the establishment of a Common Fund have not yielded concrete results, those on the adoption of a code of conduct for the transfer of technology have not proved successful, and the multilateral trade negotiations are far from having reached the goals laid down in the Tokyo Declaration on the trade of developing countries.

These various factors, to which must be added the persistent economic and social crisis, with inflation and unemployment, in the industrialized countries, which is also producing effects in the developing countries, whose main source of income is the export of raw materials, serve only to aggravate the disorder in the ex-

isting world economic system and further widen the gap between the developed and the developing countries.

This situation, in which the developed countries are seeking to gain time in order to defend their privileged position, might, in addition to causing the developing countries to lose faith in the negotiations, become a new source of tension in the present international economic relations inherited from the colonial and post-colonial era.

While little progress is being made towards the establishment of a new international economic order, these three years have, on the contrary, been favourable and positive for progressive forces and the forces of national liberation throughout the world which are struggling for justice and social progress. The increasingly important victories which these forces are continuing to win in Africa, in Latin America and in Asia are a perfect illustration of the aspirations of the oppressed peoples for social justice and of their determined opposition to all forms of dependency, domination, exploitation and interference in their internal affairs.

The long-oppressed peoples wish to have a better life and to have full sovereignty over their national resources. In short, they wish to be masters of their own destiny, free from any threat or pressure from abroad, and to have equitable and peaceful co-operation with all countries and with peoples having different economic, political and social systems.

This further emphasizes the urgent need to establish a new economic system based on justice, equality, mutual advantage and the interdependence of nations. For such a system to be viable it is necessary, in addition, for all States to respect the principles of independence, sovereignty, territorial integrity, equality of rights, non-intervention in internal affairs, non-aggression and mutual benefit, which constitute the most important factors for peace, security and co-operation throughout the world.

These principles form the basis of the foreign policy which the Lao People's Democratic Republic has consistently followed for the last three years.

That is why we support the objectives set forth in the Programme of Action on the Establishment of a New International Economic Order. In that connection, the Lao People's Democratic Republic is endeavouring, within the limits of its resources, to contribute to the achievement of those objectives.

During the past three years, the Lao People's Democratic Republic, following its policy of relying in the first place on its own resources, has concentrated its efforts on recovery and the creation of a basis for its national economy in accordance with the principle of socialist transformation and the construction of socialism, placing particular emphasis on the development of agriculture, forestry and irrigation, to serve gradually as a basis for the development of industry, in order to improve the standard of living of its people. Events have proved the extreme necessity of maintaining an independent economic policy, of relying mainly on one's own resources and, at the same time, making every effort to promote economic co-operation with the socialist countries and to develop relations with other

countries on the basis of the principles of equality and mutual respect and interest.

In carrying out these tasks, we have encountered many difficulties and obstacles, because of the consequences of old and new-style colonialism and of a very bitter war that devastated four fifths of our country, a war of which the Lao people was the victim and from which it suffered for several decades. The most difficult task, however, has been to organize and to build a national economy, starting from an underdeveloped economic structure, based entirely on a small-scale and self-sufficient agricultural economy, where some elements of a feudal regime are still firmly entrenched. To this must be added, on the one hand, successive natural disasters, including the drought of 1977 and the floods of 1978, which caused substantial losses in production and property among the population, and on the other hand, the threats by international reactionary circles, in collusion with the imperialists, who mass troops on our frontiers and support Lao reactionaries inside and outside the country with the intention of disturbing public order and safety and thwarting the policy of the Government. Whatever the obstacles, however, the Lao people, with their tradition of heroism, determination, perseverance and sacrifice, under the enlightened leadership of the Lao People's Revolutionary Party and with the support and co-operation of friendly countries throughout the world, will successfully carry out the task of defending and building up their homeland.

While pursuing its domestic economic development, the Lao People's Democratic Republic has been developing co-operation with other countries, first and foremost with the socialist countries. The relations of friendship and general co-operation in the economic, technical, scientific and cultural fields which it maintains with those countries are an example of co-operation based on respect for the independence and sovereignty of each State, on equality and mutual benefit and on mutual respect and assistance.

Moreover, the friendly relations which the Lao People's Democratic Republic maintains with its near neighbours and other countries of South-East Asia are its contribution to the maintenance of peace and stability in that region and create an opportunity for harmonious regional co-operation.

At the multilateral level, the Provisional International Committee for the Mekong, re-established in January 1978 by three member countries, namely, Laos, Thailand and Viet Nam, to develop the hydraulic resources of the river in the interests and for the well-being of the peoples of the riparian countries of the lower Mekong basin, is an example of successful

subregional co-operation among countries with different political, economic and social regimes.

The Lao People's Democratic Republic, which is a member of the movement of non-aligned countries, has made every effort to encourage unity and co-operation within that movement against imperialism and old-style and new-style colonialism, and in favour of the establishment of a new international economic order, peace, national independence, democracy and social progress.

The foregoing examples do not constitute an exhaustive list, as the Lao People's Democratic Republic has also signed other agreements for co-operation with other countries and plans to conclude such agreements with other countries Members of United Nations, without distinction of economic, political or social regime, on the basis of respect for the principles of peaceful co-existence already mentioned.

As one of the least developed countries and being, moreover, land-locked, the Lao People's Democratic Republic has only limited resources and possibilities. Positive and sincere co-operation with both developed countries and more fortunate developing countries is therefore necessary. In this connection, the Lao People's Democratic Republic supports the new programme of action for the 1980s for the least developed countries recommended by the Fourth Ministerial Meeting of the Group of 77 at Arusha.

It also supports the recommendation of that ministerial meeting on specific measures and action related to the particular needs and problems and land-locked developing countries.

It wishes, however, to express its disappointment at the slender resources of the United Nations Special Fund for Land-Locked Developing Countries and ventures to hope that in future years the rich countries will be prepared to contribute much more generously to it.

The negotiations which lie ahead of us already appear difficult, for our problems are complex and our interests are different and sometimes even conflicting. Much understanding, goodwill and even sacrifice are therefore required of each of us, for to be frank what we propose to do is to ask the developed countries to make sacrifices on behalf of the developing countries. In our opinion, those sacrifices lie within the possibilities of the developed countries, and those countries will be all the more deserving of praise if they make it possible progressively to alleviate the poverty of the underprivileged, thus helping to eliminate one of the sources of tension in relations between nations.

It is with this thought that I should like to conclude by expressing my wishes for the success of this fifth session of the Conference.

**Statement made at the 163rd plenary meeting, on 17 May 1979,  
by Mr. M. V. Molapo, Minister of Commerce and Industry of Lesotho**

First of all, I wish to express on behalf of my delegation, and on my own behalf, our sincere and heartfelt gratitude to President Ferdinand E. Marcos and to the Government and the people of the Philippines, not only for hosting this Conference but also for the very warm reception and hospitality which has been accorded us since our arrival in this beautiful country.

I also wish to congratulate you, Mr. President, upon your unanimous election to preside over this, the fifth session of the United Nations Conference on Trade and Development. This indeed is a reflection of the high esteem in which not only this Conference but also the international community at large hold you. I am confident that, under your able guidance, this session will be able satisfactorily to resolve the many vital issues before it.

It is opportune for me, at this stage, to convey to the Secretary-General of UNCTAD, Mr. Gamani Corea, and to his dedicated staff, my delegation's deep appreciation for the work they have done in preparing for and continuing to service this Conference.

The issues before this Conference are not new. The restructuring of international trade in commodities was a major issue at the fourth session of the Conference in Nairobi. The main result of that session was the adoption of a comprehensive and far-reaching decision which endorsed the concept of an Integrated Programme for Commodities. While my delegation notes with satisfaction the agreement reached on the fundamental aspects of the Common Fund, we look forward to the early adoption of the articles of agreement on the Fund. Stabilization of commodity prices remains an essential element in the envisaged new international economic order. In the immediate future, commodity prices need to be stabilized in order to ensure stability of income derived by developing countries from the export of these commodities. My delegation hopes that this Conference will reaffirm the need for greater participation by the developing countries not only in the marketing, transportation and distribution of these commodities but also in their local processing.

Meaningful development in the developing world is being made more difficult by the recent trend to increase trade barriers, particularly in the developed world. Expansion of production and diversification of international trade in manufactures and semi-manufactures of developing countries is necessary for the attainment of the generally accepted goals for their accelerated industrial development. A target of a 25 per cent share in world production of manufactures for developing countries by the year 2000 has been adopted. To attain this target, there would have to be a substantial improvement in the share of developing countries in world trade in manufactures. I submit that, if our proclamations on the new international economic order are ever to assume practical meaning, the developed countries will have to evolve trade policies which will assist in promoting the exports of developing countries in manufactures and

semi-manufactures. In particular, I urge developed countries to accord special treatment to handling products of developing countries through duty-free and quota-free entry to their markets.

My delegation wishes to observe that the introduction of the GSP made some contribution to the improvement of market access for exports of the developing countries during the 1970s. We would therefore urge the Conference to extend the duration of the system beyond the initial 10-year period until the objectives of the system as set out in Conference resolution 21 (II) are fully attained. My delegation would also appreciate it if preference-giving countries would liberalize and simplify their GSP rules of origin so as to enable preference-receiving countries to enjoy greater benefits under the GSP. In this context, I would emphasize the fact that, in the improvement of the GSP schemes: first, higher priority should be given to the products of interest to the least developed countries; secondly, technical assistance should be extended to them to enable them to utilize better the trade advantages offered under various schemes, including assistance with regard to the rules of origin and their application; thirdly, financial and technical assistance for the establishment and development of industries in the area of products covered by the GSP should also be made available to the least developed countries.

This brings me to an issue before this Conference that is of particular concern to my delegation, namely, the position of the least developed countries.

Despite the growing attention of the international community to the problems of the least developed countries during the last decade, the economic situation of those countries remains exceptionally bleak. A number of special measures in their favour have been included in resolutions of the General Assembly and other United Nations bodies and specialized agencies, and also in the broader framework of the International Development Strategy and the Programme of Action on the Establishment of a New International Economic Order. The United Nations Conference on Trade and Development elaborated a programme of special measures in particular detail at its third and fourth sessions, in resolutions 62 (III) and 98 (IV). I regret to have to remind the Conference that progress in the implementation of these measures has been inadequate to overcome the economic stagnation of these countries. Furthermore, most of the special measures have been formulated in very general terms, specifying types of action which should be undertaken in favour of the least developed countries, but not the rate or the extent of such action.

It is my hope that, at this session of the Conference, we shall acknowledge the fact that the problems of the least developed among developing countries require an integrated approach. A piecemeal approach to the problems of these countries will, I am afraid, continue to be ineffective and inadequate. A person who needs a car to travel requires the complete car. It would be futile

to give him a car that has no wheels, since that car will not move despite the fact that most of its essential elements are provided. When we talk about the least developed countries, we are talking about those countries that are on the starting line, those countries whose economic and social infrastructure is still to be developed before they can be expected to provide acceptable standards of living. We have to remember the extreme vulnerability of these countries to relatively minor upheavals in the world economy. It is on the basis of this that my delegation commends the proposal before this session calling for the Conference to request the General Assembly to convene a special United Nations conference on the least developed countries. It is our sincere hope that such a conference will be able to deal with the peculiar problems of these countries and induce the pledging of support for the new programme of action for the 1980s in respect of these countries.

I would like to relate a few facts pertaining to my country, in the sincere hope that this will help delegations here present better to visualize the plight of the least developed countries. I admit that conditions are not identical for all least developed countries, but I submit that in most respects the problems we experience in Lesotho are reasonably representative of the problems in other least developed countries.

My country, Lesotho, is not only least developed but is also land-locked. It has an area of some 11,720 square miles and a population of about 1.5 million people. It is a small country completely surrounded by one country, thus becoming an enclave within that country—South Africa. Two thirds of the country are mountainous and inhabited by only one third of the population. The mainstay of our economy remains agriculture, which contributes close to one half of the GDP. Almost 50 per cent of the labour force (comprising almost exclusively the male population) has to seek employment outside the country, in the mines, firms and farms of South Africa. Of the labour force remaining in the country, 86 per cent is engaged in subsistence agriculture. In 1977, our GDP per capita (at 1976 prices) was a mere \$142. The average annual growth rate of per capita real product between 1970 and 1977 was 6.2 per cent, while the population averaged a 2.2 per cent growth rate.

One typical characteristic of the least developed countries is the small size of their internal markets. Development of significant industrial programmes is almost entirely dependent, particularly in the early stages of the development process, on access to world markets. Because of the scarcity of skilled manpower, extremely limited technological capacity, inadequacy of social and economic infrastructure, absence of significant natural resources and other factors it is, however, extremely difficult (almost impossible) for these countries to attain the degree of industrial development that would ensure sufficiently remunerative employment outside the traditional sector, namely, subsistence agriculture. Therefore, while assurance of access to world markets for the products of these countries remains essential, it is imperative that the Conference seriously consider the package proposed by the Group of 77 for a crash programme to help these countries and for the proposed action during the 1980s. In particular, I wish to draw the

attention of this Conference to the need to give high priority to the identification and support of major investment opportunities in these countries because of their high potential for leading the way to the substantial transformation that is necessary if the growth and welfare targets are to be realized.

In Lesotho, we are in a rather unique position in that a great part of our small country is mountainous. Our key export commodities are wool and mohair, derived mostly from these mountainous areas. We have as yet to build a satisfactory road network that will permit easy access to these areas and facilitate better transport of these products. Tourism is yet another area where our country has untapped potential because of the difficult terrain. You will agree with me that, with the linkages associated with the tourist industry, we could go a long way to answering some of the problems now facing us, particularly in the area of employment and population movement to the lowland areas most suited to crop production. Should this trend continue, one wonders what the position will be at the end of the Third United Nations Development Decade. Already we are dependent on food imports and the pressure on the agricultural land is growing by the day. To develop the infrastructure needed to support industrial development and begin to control population migration, we need a substantial infusion of resources, both material and human. The economic and social infrastructure is the area in which we require the most support and in which, unfortunately, support is rather difficult to get. It is in roads, power generation, water supply and development of technology that we require assistance to enable us to undertake more meaningfully the process of self-reliance.

As I indicated earlier, we are not only land-locked but also share borders with only one country, South Africa. We have a customs union agreement with South Africa under which the movement of goods across our borders is not restricted. However, South Africa has created a Bantustan (in pursuit of its policy of *apartheid*) along our south-eastern border, thus effectively cutting off that region from the normal operation of our customs agreement. Despite the agreement, it sometimes pursues policies which are contrary to the spirit of the agreement. For example, one such policy is to protect its railway system, which has the effect of barring road transportation of some goods for distances in excess of 30 kilometres. This results in delays in ferrying goods from the ports (some 800 kilometres away). Unfortunately, this has proved to be one of the major handicaps in attracting investment to Lesotho, and the Lesotho Government has thus decided to construct an international airport which will constitute the only lifeline for the country. My delegation would wish to stress the need to assist, not only my country, but developing land-locked countries in general, to develop air transport infrastructure. We would also like to invite support for the United Nations Special Fund for Land-locked Developing Countries.

Conditions of assistance remain a subject of concern to my delegation as I presume they would be for many others. Most donors require recipients to cover what is generally known as local costs. While for an individual

project these local costs may not be significant, taken as a package they represent a significant allocation of limited resources. In most cases these local costs are not easy to estimate, and they invariably end up being more than originally envisaged. The consequence of this is that either the project has to be modified or that additional resources have to be diverted. Another complicating element which is of particular relevance to my country is the stipulation as to how funds have to be applied for the purchase of equipment. My delegation sincerely hopes that this Conference will agree to remove all kinds of tying stipulations in the financial assistance extended to the least developed countries. There has to be considerable flexibility in the programme meant to assist the least developed countries to enable the programme to address itself to the specific needs of individual countries. Again, without this flexibility it will be very difficult for some of our countries to share fully in whatever advantages come with the actions now being determined by this Conference.

I wish to conclude by urging the Conference to agree to take the bold steps required to restructure the world economy in such a way that the people of the developing third world may expect a better future for themselves and their children, steps that will ensure a just and equitable world economy that is crucial to continued peace in the world. While such measures are being determined, I wish again to draw the attention of the Conference to the special case of the least developed countries. While we are fully committed to self-reliance, we do need the restructuring of the world economic order so that our least developed countries will be able to make the progress that has so far been elusive. Let us at this session consider the capacity of these countries to compete for advantages currently available and recognize the need for a different approach to their problems. In terms of real resources that will be needed under the programme proposed to them, there is no need to fear an upset in the current structure of the world economy.

**Statement made at the 159th plenary meeting, on 15 May 1979,  
by Mr. Edward Sumo Jones, Deputy Minister of Commerce, Industry and Transportation of Liberia**

On behalf of the members of the Liberian delegation and myself, I join the previous speakers in congratulating you, Mr. President, on your election to the presidency of the fifth session of the United Nations Conference on Trade and Development. I am sure that we unanimously elected you because of your indisputable ability to conduct this meeting in an atmosphere of peace and tranquillity, which is indicative of the high regard that the world community has for you.

Through you, Sir, we extend our sincere thanks and appreciation to your dynamic and far-sighted Head of State, President Ferdinand Marcos, to the charming First Lady, Mrs. Imelda Romualdez Marcos, Governor of Metro Manila and Minister for Human Settlements, and to the Government and people of the Philippines, for the warm courtesies and welcome extended to us since our arrival in this beautiful city of Manila. The inspiring and well-prepared welcome address so eloquently delivered by the First Lady and Governor of Metro Manila and the brilliant and touching keynote address delivered extemporaneously by President Ferdinand Marcos, I am sure, will go a long way in positively helping to make the deliberations of the fifth session of the Conference become a great success for the benefit of mankind in general.

I also wish to register our congratulations to the other members of the Bureau of this Conference for their unanimous election. Please permit me to acknowledge, with gratitude, the outstanding honour done to Liberia by my unanimous election as one of the Vice-Presidents of this Conference.

Mr. President, your illustrious Head of State, Mr. Ferdinand E. Marcos, in his above-mentioned keynote address delivered on 7 May 1979, during the inaugural ceremony of the fifth session of the Conference,

carefully analysed the current world economic system, which tends to widen the gap between the rich and poor countries. Hence it would be pointless to review it here again. The balance sheet or inventory clearly demonstrates that the economies of most developing countries, and particularly those of Africa, continue to deteriorate in alarming proportions, most specifically in the areas of trade and finance. This pathetic situation persists despite the numerous declarations and commitments made by the world community after more than two decades of discussions and negotiations, followed by the Lima Declaration on the establishment of a new international economic order.

It is time that we faced the reality that the existing international economic system does not and will never promote the development process of developing nations. Therefore we need to reassess, at this juncture, those arrangements which are creating bottlenecks and tend to impede the changes anticipated. Even in the period of unprecedented economic expansion up to 1973, the economic growth occasioned was limited and benefited only relatively few developing countries. Since the onset of the recession, a disproportionately high portion of the burden of adjustment has been thrown onto the economies of developing countries. The need for radical change, therefore, in the machinery of the international economic system, to make it far more supportive of the development process, is now greater than ever. The challenge of the fifth session of the Conference, therefore, is to bring about an urgent transformation in the global pattern of production, consumption and trade, and also a transformation in the distribution of control over the world's resources, particularly over the use of the resources of developing countries and changes in the institutions of the present system, to ensure equitable participation of all members of the global economy.



Although the speakers who have preceded me have touched on every item of the agenda, I would like to address myself to several of them that are of major concern to my delegation.

After three years of negotiating on the basic elements of a Common Fund to stabilize raw material prices, an agreement has finally been reached. However, the size and shape of the Fund bears little resemblance to the \$6 billion scheme covering the 18 commodities originally proposed by the UNCTAD secretariat. Now that the developed countries have agreed to set up a modest \$750 million Fund, it is the wish of my Government that they should institute the necessary measures to ensure that the first window of the Fund comes into operation very soon. It is our view that, since the first and second windows are complementary, the operation of both windows is a necessary condition for the maintenance of an effective Integrated Programme for Commodities. We believe that this Fund will serve as a central banking facility that will assist in stabilizing commodity prices. This means, therefore, that the process of creating new individual commodity agreements must be accelerated in order to be able to utilize the first window of the Fund.

The Common Fund is indeed very important to my Government, although none of Liberia's exports has yet been covered by any individual commodity agreement. Nevertheless, Liberia pledges its full support of the Fund and therefore stands ready to meet its financial contributions within the framework of the equal minimum amount for the establishment of the Fund.

On the flow of resources for developing countries as well as questions of the increasingly serious and growing debt burdens of developing countries, we feel these subjects are critical and need both short-term and long-term policy measures. The developed countries have a moral obligation to accelerate their ODA, and particularly those whose performance has shown a declining trend in recent years.

Having given the matter due consideration, my delegation finds it difficult to understand why, if some developed countries have been able to reach the 0.7 per cent target of the Second United Nations Development Decade, those developed countries that are in even better position to realize or surpass the target have not achieved even 50 per cent of it so far. We advocate the introduction of machinery by which such development assistance becomes mandatory, automatic and predictable. At the same time, we urgently seek a system of aid distribution that corrects regional imbalance in economic development. Such resource flows should take into account imported inflation in developing countries and should therefore increase in both absolute and real terms. In addition, the composition and structure of aid must be adjusted in order to accomplish effective and needed structural transformation in the economies of the developing countries. We are convinced that, in order to achieve the desired impact from aid, development assistance should be structurally more programme-oriented than project-oriented.

There is also an urgent need to restructure the global international monetary and financial system and institutions to respond to present-day world economic

realities. Such a restructuring should take into account the methods of operation and, above all, the control and management of these institutions, to allow for greater participation of the developing countries.

It is our conviction that the full implementation of the principles and measures under the Common Fund of the Integrated Programme, combined with appropriate flows of ODA to developing countries, could provide a suitable atmosphere for many of these countries to take full advantage of measures now recommended for the transfer of technology in many areas. It would also allow quite a number of them to participate more fully in discussions and the measures proposed under the GSP and the multilateral trade negotiations taking place in GATT.

It cannot be overemphasized that ECDC is a vital and integral part of the process of achieving the restructuring of the global system of economic relationships. ECDC must be considered as a strategy to attain the new international economic order and an important programme for collective self-reliance. As a matter of fact, self-reliance and self-sufficiency with total involvement is one of the major policies of my Government; it is a priority goal we are pursuing with speed. It is our wish that, like many other suggested measures contained in the Arusha Programme for Collective Self-Reliance and Framework for Negotiations, ECDC measures will be carefully reviewed during this Conference for positive decisions. ECDC can be effectively implemented at the subregional and interregional levels if the necessary global commitment and political will are achieved by the developing and developed countries.

I should like to bring to your attention the slow pace that has developed and continues to exist in a primary commodity area—the iron ore industry. This industry accounts for 7 per cent of the export earnings of Liberia.

The performance of this sector has been very discouraging over the last three years. From 1977 to 1979, revenues in the iron ore industry declined from 20 per cent to 5 per cent. In 1978, this trend further deteriorated considerably and the loss was in excess of \$50 million. On the other hand, World Bank statistics revealed that, over the last five years, absolute steel prices increased by 30 per cent compared with an 8 per cent decrease in iron ore prices. The 1979 prices indicate that the industry will encounter further losses.

The two preparatory meetings and the meetings of the *Ad Hoc* Intergovernmental Group of Experts on Iron Ore convened in Geneva under the auspices of the UNCTAD secretariat failed to outline corrective measures for the iron ore industry.

The first preparatory meeting was convened on 24 October 1977 by the Secretary-General of UNCTAD in accordance with Conference resolution 93 (IV) on the Integrated Programme for Commodities, and vested with the following terms of reference: (a) to propose appropriate measures and techniques required to achieve the objectives of the Integrated Programme; (b) to determine financial requirements resulting from the measures and techniques proposed; (c) to recommend follow-up action required through the negotiation of

commodity agreements or other measures; (d) to prepare draft proposals of such agreements for the consideration of Governments and for use in commodity negotiating conferences.

In order to implement Conference resolution 93 (IV) in respect of iron ore, the Preparatory Meeting on Iron Ore recommended to the *Ad Hoc* Inter-Governmental Committee for the Integrated Programme for Commodities that an *ad hoc* intergovernmental group of experts should be convened to continue its work at the expert level in order to study the problems of this industry and to propose immediate remedial and long-term measures to resolve the cyclical and structural problems of this major internationally traded commodity, with a value of exports in excess of \$5 billion per annum.

Time and time again, emphasis has been placed on terms of reference by the developing exporting countries consistent with the goals of resolution 93 (IV) on the Integrated Programme for Commodities, and time and time again these terms and objectives have been disregarded by the consuming nations.

In this context, no potent recommendations have resulted from these deliberations to help provide us with some answers to deal with this major industry. While some of the serious problems confronting the industry have been identified by the developing exporting countries, the consuming nations have ignored these problems as a matter of delaying tactics.

The problem of the grave imbalance between supply and demand has resulted primarily in lower prices, reduced levels of shipments, underutilization of equipment and productive capacity, and deferment and cancellation of new projects. The effects of these problems have culminated in reduced revenues, higher production costs and unemployment for the masses of our people.

It is our view that the expansion of further processing coupled with horizontal integration of the iron ore industry in developing exporting countries is a prerequisite to the promotion of industrialization in these countries, and this is true of 11 other primary raw materials such as rubber, our second major source of export earnings. Additionally, it will increase their export earnings, thereby accelerating their efforts to meet the fundamental needs of their people—a precondition for the new international economic order and the Arusha Programme for Collective Self-Reliance.

I therefore appeal to the international community of nations to work co-operatively with the UNCTAD secretariat and other concerned organizations to establish a new international economic order in the marketing and further processing of iron ore so that developing exporting countries can receive remunerative prices for their non-renewable mineral resources.

Item 14 of the agenda of the Conference, which deals with shipping, is ostensibly intended to increase the participation of developing countries in world shipping, to their economic advantage. Three means are being discussed—as has been done at several group and preparatory meetings prior to our discussions here—for achieving these salutary objectives.

The first approach indicated for achieving this objective has to do with the ratification and entry into force of the Convention on a Code of Conduct for Liner Conferences. It is intended that the Code should, among other things, have the effect of assuring that developing countries will have an increasing and substantial participation in the carriage of maritime cargoes, ensuring a more equitable balance of interests between suppliers and users of line shipping services and counterbalancing the monopolistic power of liner conferences as they currently exist.

We believe that, in the joint and several efforts being made by the world community to evolve a new international economic order, no country or group of countries can oppose, in good faith, the realization of these objectives of the Code. In this context, my Government is particularly concerned that appropriate action may and will be taken by all concerned to assure the implementation and enforcement of the Code when it comes into force.

The second means being discussed and urged for increasing the participation of developing countries in world shipping and in the development and expansion of their fleet is the phasing-out of open registries. The allegation is that the existence of open registries has prevented developing countries from establishing and expanding their own fleets. We have observed that only a few of the previous speakers have shared this view. Yet no convincing evidence was given by them to substantiate their contention by means of a study undertaken.

After due consideration of the ramifications of the problem, including the repercussions of phasing out open registries, the effect on world shipping and the tonnage of the merchant fleets of developing countries, these countries, meeting in Arusha in February of this year, promulgated the Arusha Programme for Collective Self-Reliance and Framework for Negotiations, in which they noted the desire of many developing countries to phase out open registries and called on UNCTAD to undertake further studies in respect of this matter in consultation with other related agencies.

Because my Government is interested in, involved with and appreciates the implications of this problem, it commissioned a detailed study of one important aspect of the question, namely, the economic impact of open registry shipping. Copies of that study are available here, in Manila, for those who are interested in reading it. There is no doubt that other studies, particularly those intended to show the effect of phasing out on world shipping and to ensure the simultaneous and economically feasible development of the merchant fleets of developing countries, if and when open registries are phased out, are indispensable preconditions for making a rational decision.

The third means suggested for increasing and making more equitable the participation of developing countries in world shipping and the shipping industry is to develop, ratify and bring into force a code of conduct for bulk trades. There seems to be no doubt that the economic and other considerations which support the Code of Conduct for Liner Conferences are in many material respects different from those which must be

borne in mind in respect of a proposed code of conduct for the bulk trades.

My Government sincerely believes that the transportation of commodities by sea to their various markets is of immense importance to the economic interest of both the developing and the least developed countries.

The decisions that we make on item 14 must be achieved by equitable consideration for the least developed, land-locked and island States—not only those with large currency reserves derived from fabulous mineral resources.

Shipping is a highly capital-intensive business; therefore shipowning must be considered within the context of an overall strategy for economic development. Since resource allocation is a major determinant in this sector, due consideration must be given to the financial yield from shipping investment and the availability of capital, which should not preclude the role of international bodies such as IMCO, the World Bank and others.

My Government recognizes, from practical experience as a shipowner, both as a country providing an open registry as well as a major bulk-exporting nation, that theoretical approaches to shipping policy just do not work. This is why we fully support and are committed to the Arusha Programme for Collective Self-Reliance and Framework for Negotiations.

We agree also with the following statement made in paragraph 268 of the report entitled *Establishment or expansion of merchant marines in developing countries*, prepared by the UNCTAD secretariat in 1968,<sup>1</sup> in which it was correctly said, and I quote:

“There can be no general answer either to the question ‘Can a national merchant marine be economically viable?’ or ‘Is the establishment or expansion of a national merchant marine the best way of using resources?’ when asked about developing countries as a group. The question must be asked about each country individually, or about a group of countries co-operating in a regional policy. In each case a feasibility study should be carried out and answers obtained which apply to that particular country or regional group.”

<sup>1</sup> United Nations publication, Sales No. E.69.II.D.1.

Lest our remarks be misunderstood, we must emphasize that Liberia is in full support of developing nations' increased involvement in shipping, and is also in favour of the overriding principle of the Code of Conduct for Liner Conferences.

As already indicated, my Government has had a detailed study prepared on the economic impact of open registry fleets. This study substantiates, we think, the concern we have that the cost to developing countries of their phasing out must be thoroughly re-evaluated in the light of its enormous size. We are accordingly of the view that there is a need for a charter on the developing countries' involvement in shipping, which must be a co-ordinated policy with an overall framework for detailed and workable planning. This delegation will in due course present to the appropriate body a resolution to this effect.

The fact remains that no sovereign State can permit itself to be ordered to part with its right to administer its own laws. Any attempts, therefore, to impose some manner of conformity on an arbitrary definition of “effective control”, “genuine link” or similar artificial concept are for this reason likely to be obviously unacceptable.

It is a fact of international life that, whatever the merits of the economic or quasi-commercial arguments against open registries, those economic arguments lose much of their credibility when they are forcibly recast in terms of ready-made preconceptions and misconceptions of doubtful logic or utility.

We return, inevitably, to our need to define a policy for developing countries—not to react merely to existing maritime institutions. Let us develop this policy, then, and stop disagreeing with one another.

Finally, the Liberian delegation associates itself with the words of the President of the United Republic of Tanzania, Mr. Mwalimu Julius K. Nyerere, spoken at Arusha this past February, when he said:

“We need to negotiate from a position of steadily increasing strength. The third world does not have a strike fund and hunger strikes are not weapons of the starving. Asking countries like Zambia and Chile to stop exporting copper to the industrialized nations, for example, is asking them to commit suicide.”

**Statement made at the 164th plenary meeting, on 17 May 1979,  
by Mr. Musbah El-Oreibi, Ambassador and Permanent Representative of the Libyan Arab Jamahiriya  
to the United Nations Office at Geneva**

It is a pleasure for me, Mr. President, first of all to extend to you my warmest congratulations in the name of the Libyan Arab Jamahiriya delegation on your election to the presidency of this important international forum, which I feel will accomplish much, with God's help, under your wise leadership. It is a pleasure also to express thanks and gratitude on behalf of the Jamahiriya delegation to our friends, the Government and people of the Republic of Philippines, for the extreme generosity and very cordial welcome shown to the

delegations to this Conference in this hospitable country. There is no doubt that convening this important international forum in the Philippines is an eloquent reminder of the significant international position the Philippines enjoys under the leadership of the President Ferdinand Marcos and the First Lady, Mrs. Imelda Marcos.

We are here at the fifth session of the United Nations Conference on Trade and Development, three years

after the fourth session, held at Nairobi. During those years, important economic events have taken form, as well as problems that still face the world as a result of those events. There is no doubt that most of the participants in this Conference have brought before you most, if not all, of these events and problems, and this makes it incumbent on all of us to search seriously for positive solutions to these problems and not leave this Conference before we have at least lit up the path leading towards the end of the long, dark tunnel.

There is no doubt that one of the most important problems facing us today is the low rate of economic growth in the developing countries as a result of the deterioration of their commercial position vis-à-vis the industrial world, because of the constant exploitation by the developed countries of the raw materials of the developing countries, which they buy at low prices and then re-export in manufactured form at extremely high prices. This has weakened the developing countries' ability to continue financing their economic development programmes and their importing capability, and has led to the exhaustion of their reserves, so that their debts have accumulated and some of them find themselves in a serious economic position. Thus the gap between the industrial world and the developing world expands rather than narrows as a result of an obsolete, anachronistic economic order. We should make sincere efforts to replace it by a just order ensuring prosperity and stability for all peoples alike. This can be realized provided there is goodwill.

It may be useful to consider the idea of restructuring the international economic order, this being the main theme on the agenda of the Conference. I do not believe that any dry academic debate will ultimately lead us to the objective we seek. The structural change required is a practical, dynamic idea to rescue the international economic order from the mortal crisis through which it is passing and to permit the economies of different countries, be they industrial or developing, to reach higher rates of economic growth. To consider the idea of structural change as a practical, applicable idea is the basis from which we should start in discussing the subject.

The stage through which the world economy is passing during this decade has shown that international institutions have exhausted their purposes and that there is a serious need to reorganize these institutions in the light of new data and important developments affecting the world economy.

In the industrialized countries, unemployment rates are increasing and price levels are rising; institutions are operating at only part of their production capacity. These are signs of a deep-rooted, far-reaching crisis which is reflected in international economic relations and which spreads chaos and confusion in the world economy, as can be seen from the collapse of the international monetary system, rising tariff barriers, and increased recourse to further provisional protectionist measures which tend to aggravate the crisis further.

The developing countries are experiencing a constant deficit in their balance of payments, increased indebtedness, and fluctuations in their earnings from export commodities, and this has aggravated the crisis and

impeded their economic development programmes. The developing countries cannot expect much from the present economic order; hence the call for the establishment of a new international economic order.

Since existing economic relations do not serve the goals and aspirations of a developing and growing world, the call has been made for restructuring the old order so as to ensure increased rates of growth in industrial countries and to advance economic development programmes in the developing countries. Structural changes in the international economic order should therefore be viewed as a process of harmonization and co-ordination between national economic policies and economic goals imposed by the interdependence and interlocking of relations between the countries of the world.

While the call to establish a new international economic order based on equality and providing the opportunity to create an outlet for man's creative and inventive capacities has been made by the international community in order to serve the aims of mankind, we find ourselves in the midst of important events calculated to accelerate the attainment of this goal, and the present Conference is perhaps one of the events which will lead to practical proposals for doing so. There is no room for hesitation; the hungry cannot wait.

It may not be clear what the necessary structural changes are, or what are their objectives. Some may ask how these changes can be realized. My delegation does not believe that it is possible to discard all the elements of the existing economic order at one stroke of the pen. Recourse to certain measures that may be urgently imposed by present conditions may not lead to the results desired. We believe, however, that the call to restructure the present economic order is in the interest of all States in the world, be they developed or developing, small or big.

What we are asking for is political will and the determination to continue along the road on which we have embarked. In this comprehensive context, namely, these structural changes, a set of topics arise which constitute an approach to reviewing the world economy and adapting the language used in international economic relations so as to achieve the goal pursued.

The Jamahiriya delegation considers that the most important subject before the Conference is shipping and the full, exclusive control by the developed countries of lines of communication and the transport of goods between the countries of the world. If developing countries become partners in the international economy and exporters of a large percentage of goods, then the demands set forth in the Arusha document will lead to the realization of the principle of justice and participation in this regard. We believe that the phasing out of flags of convenience is imperative. For under this mask, multinational corporations control lines of communication and means of transport. Under this mask they also violate the dignity of seamen and exploit them atrociously. Then we are told that such vessels are more efficient than those sailing under national flags.

The shipping of dry cargo is another area where the developing countries have legitimate demands. Their ex-

ports constitute the bulk of world trade in this area; yet their participation as owners and users of the means of transport for this purpose is disproportionate to the volume of their exports.

The Integrated Programme for Commodities, agreed upon by the Conference during its fourth session, at Nairobi, has not yet achieved significant results. Negotiations on commodities have not arrived at any result, and the articles of agreement of the Common Fund arrived at by the Negotiating Conference on a Common Fund at its recent session at Geneva are far from having been finalized. My delegation believes that if the formulation of the articles of agreement does not leave a good deal of flexibility to fill the gaps in the broad lines of the agreement, we may not succeed in establishing the Common Fund. The Libyan Arab Jamahiriya has supported the Common Fund, but we still hope to avoid the imperfections and shortcomings in the articles of agreement drawn up by the Negotiating Conference. We call upon the developed countries to show enough flexibility in drafting the articles of agreement to ensure that a Common Fund comes into being to serve the goals of the Integrated Programme for Commodities.

The great expansion of UNCTAD activities has led to increased work and a diversity of responsibilities. This requires the development and support of the institutions in question in a way compatible with the new role they play as a forum for negotiation and the continuation of the North-South dialogue. My delegation also supports efforts to rationalize work and raise productivity.

With regard to the demand by the developing countries to review the international monetary system on a new and serious basis, taking into account the lessons from the previous stage, we genuinely consider that, unless the international monetary system is reformed, and highly developed financial institutions that take into account the new factors in international economic relations are set up, riding out the present crisis may not be easy. This applies to other financial subjects in the Arusha Programme regarding the transfer of resources, the treatment of debt, and the easing of complicated conditions imposed by international institutions when developing countries try to utilize the facilities available to them.

The developing countries can succeed in developing their economies only by acquiring modern technology. The failure of the United Nations Conference on a Code of Conduct for the Transfer of Technology was an inevitable result of the developed countries' position and their creation of an instrument which was stillborn and did not further the aims pursued. The code of conduct for the transfer of technology, without binding force, is neither an effective instrument nor a goal to be pursued. What is just as important as transferring technology from developed countries to developing countries is maintaining the latter's ability to absorb it by curbing the brain drain.

Restructuring the international economic order requires the improvement of the terms of trade and the movement of capital and labour across political frontiers between developing countries. Also, economic integration between developing countries at the

subregional and regional levels will play an important role in increasing growth rates and relieving the burdens afflicting these countries because of the narrow international limits within which they move as exporters or importers. The mass support for the principle of economic integration and co-operation between developing countries is given in the belief that the proposals on this subject in the Arusha Programme should move from the realm of study and discussion to that of serious practical application.

The subject of economic co-operation between developing countries has come under attack from certain quarters under the pretext that the special meeting of the developing countries called for by the Arusha Programme would violate the principle of the universality of the United Nations.

I would like to stress this principle as one that should be maintained if the United Nations is to serve the human objectives for which it was established. But I would like to emphasize also that exaggeration in applying the principle is just as dangerous as ignoring it. For the meetings of an international organization cannot include all its members; naturally there are questions that concern some States more than others. This has been the tradition of work at international organizations since the inception of the United Nations.

Access to international markets is not a transient, momentary issue. The new wave of protectionism can only be viewed as a manifestation of this mortal crisis. While previous speakers have unanimously condemned this phenomenon, there are still those who call for it. Increased unemployment in the developed countries cannot be overcome by tariff and other barriers, but rather by structural changes. My delegation urges that we refrain from pursuing this path and turn back towards more liberal and meaningful international trading. Further, the results of the multilateral trade negotiations are unsatisfactory because they have not overcome the general trend of restricting the access by the developing countries to the markets of the developed countries.

What applies to these subjects is also true of the Jamahiriya's position on other subjects before the Conference, such as the urgent need for special measures for the least advanced among the developing countries or for land-locked or island countries. While endeavouring to provide these countries with financial and technical assistance, the Jamahiriya urges the international community to strive energetically to relieve their burdens and resolve their problems. The Jamahiriya, which provides the developing countries with over 3 per cent of its national income in the form of unconditional assistance and grants, is conscious of its links with them and will do its best to increase its financial and technical assistance to them.

The role played by the socialist States of Eastern Europe in international trade has increased substantially, reflecting the high rates of economic growth achieved in those countries. The Jamahiriya, which is linked to the socialist countries by close economic bonds, supports the principle of increased trade between countries having different economic and social systems and feels that the areas of economic and technical co-operation with these countries will expand.

The Libyan Arab Jamahiriya, while seeking the development and diversification of its economy, endeavours to promote international trade and aims at supporting economic co-operation among the developing countries.

Peace and security are two basic preconditions for mobilizing available resources and channelling them to serve the purposes and the well-being of mankind. Massive resources channelled towards war and destruction represent losses that are difficult to replace. Squandering of scarce economic resources is a crime we commit against future generations.

If economic resources are channelled to serve peace and available resources are exploited in an optimum manner, this will be reflected in the form of higher standards of living and the elimination of deprivation and poverty.

We do not understand the call for peace as a call for surrendering and relinquishing one's rights and aban-

doning supreme human ideals. Hence our opposition to what has been called the Peace Treaty in the Middle East; for surrender does not lead to peace, and relinquishing one's rights will encourage the aggressor to further aggression. The peace which this treaty claims to have brought about is dispensed daily, as you hear in the news, to old men, women and children in the Palestinian refugee camps in the form of cluster bombs and shelling by military planes and ships. It is perhaps ironic that this treaty involves supporting the aggressor's military capacity, which will incite him to further aggression.

The right of the Palestinian people to self-determination does not go to the highest bidder. We call upon this Conference to support the right of the Palestinian people to self-determination.

Allow me in concluding my present address to extend my sincere thanks to the people and the Government of the Philippines for their generous hospitality and warm welcome.

**Statement made at the 152nd plenary meeting, on 10 May 1979,  
by Mr. Julien Alex, Deputy Director for International Economic Relations and Co-operation of Luxembourg**

Allow me first of all, Mr. President, to extend to you my Government's warmest congratulations on your election to the important task of presiding over the fortunes of the fifth session of the United Nations Conference on Trade and Development. We are convinced that your personality and long experience of public affairs will help the delegations gathered together in this hall to succeed in the great tasks that have been assigned to them. I should also be grateful if you would convey to President Marcos, to Mrs. Marcos, the First Lady of the Philippines, and to the Philippine Government our gratitude for the generous hospitality offered to us by your country and its capital.

I have also been instructed by Mr. Gaston Thorn, the Head of my Government, to tell you how sorry he is that he is unable to attend the debates of this Conference in person. His devotion to the cause of development and his continuing interest in United Nations affairs make him doubly sorry not to be here today.

We are delighted that the Philippines is able once again to receive on its soil and to preside over a major international conference. We are particularly happy to be back again, on the occasion of this important Conference between the industrialized world and the third world, in this land of South-East Asia with which Luxembourg and EEC have such close and steadily increasing ties.

The main items on the agenda of this Conference are of vital importance for the future development of relations between developed and developing countries. Before reverting to them in greater detail, however, I should like briefly to tell you how Luxembourg gives practical effect, in its development policy, to the conclusions and guidelines of international organizations in this field.

Realizing that very many of the problems inherent in development can be resolved only through international solidarity, Luxembourg, to the extent of its means, which are limited because of its size, and convinced of the importance of development assistance problems in the international community, directs a very considerable proportion of its assistance through international channels.

For instance, my country has contributed to the replenishment of IDA resources and has made voluntary contributions to various bodies working for development, such as UNDP, WFP, FAO and IFAD. However, it is largely through the institutions of EEC, and particularly EDF, that our assistance is given, both because, for my country, these institutions constitute as it were a natural setting for co-operation with the developing countries and because a characteristic feature of the solutions worked out at Community level is their purpose and effectiveness.

However, alongside this assistance provided through multilateral channels, my country has in recent years emphasized bilateral assistance, particularly for *ad hoc* activities aimed at establishing, in constant co-operation with the authorities of the countries concerned, hospital and social facilities in areas where such facilities are woefully lacking.

By developing closer bilateral co-operation with a number of the most disadvantaged countries of the third world, my Government also intends to acquire a better understanding of the problems posed by development, which will help it to make an even greater contribution to the economic and industrial development of those countries in the future.

The international community is facing an immense challenge. It has set itself the objective of establishing a



fairer and more equitable international economic order which should assure the developing countries a greater share in the fruits of world growth and greater participation in international decision-making processes.

The Government of Luxembourg wishes to associate itself fully with the statement made by Mr. Monory, on behalf of EEC, on all the questions concerning relations between the developed and the developing world to be examined at this session.

In the past few years, the world has experienced its worst economic crisis since the end of the Second World War. The lesson we have learnt from these years is that the problems we face, whether national or international, can be resolved only on the basis of the steady growth of the world economy.

But in a world made remarkably smaller by the technological revolution, the interdependence of nations has become considerably greater owing to the rapid growth of economic exchanges and capital movements. The natural result of this interdependence is that we all share responsibility for each other's economic and social progress.

Our common task is to overcome poverty and hunger. One of the main objectives, which constitutes the essential element of any development policy, is that the developing countries should have a greater share in the international division of labour, thus speeding up their own development process. Over the long term, the growth prospects of industrialized and developing countries appear to be closely linked: in a world situation in which external demands influence the level of economic activity of each group of countries, the developing countries will continue to need assistance in the form of capital and technology from the industrialized countries, and the developed countries will need to trade even more with the third world.

But they are also linked in the sense that the respective choices and decisions made in each country and each economic sector condition structural changes likely to promote a more balanced and sustained resumption of world economic growth. It is in the interest of all that the industrialized countries should do everything possible to achieve a high and durable growth rate and internal and external stability, and maintain and develop a world economic system oriented towards free trade while at the same time, within this framework, paying particular attention to the needs of the developing countries.

However, none of us can expect to benefit from the positive aspects of such a system unless we are prepared to respect its rules and logic. That is why recognition of mutual interests and of the interdependence of problems is essential if we are to facilitate the changes which must be made in the world economy. I now propose to deal briefly with four important topics which will be discussed during this Conference and which clearly reveal the problems of interdependence.

1. Trade plays an essential role in the growth and development of developing countries. Increased trade is a source of income for development and a factor of economic diversification. It seems to us that one of the main elements in this connection is probably increased

participation of the developing countries in exports of manufactures and their gradual insertion in world trade channels.

It is important that, at this session, we should agree on measures that will ensure that the process of industrialization under way in the developing countries is not called in question, and that protectionist pressures do not impede the international division of labour which is taking place at the world level.

Trade liberalization also implies that account will be taken of differences in the situations of the developing countries and that market access will be assured to the less industrialized among them which are not yet in a position to withstand international competition. Allow me to remind you that EEC, to which Luxembourg is proud to belong, has developed a whole series of measures and mechanisms to promote the participation of developing countries in world markets, either through the Lomé Convention, which unites the member countries of EEC and 58 African, Caribbean and Pacific countries in a novel co-operation process, or through the GSP, which the Community was the first to apply in 1971, or yet through various non-preferential agreements concluded with different countries of Latin American and Asian groups.

2. Raw materials. The development of commodity and energy resources is unquestionably linked to structural changes in the world economy and has a direct effect on the development process of developing countries. It should contribute to durable, non-inflationary growth. If there is a problem that should be tackled globally, that is to say in all its aspects and at world level, it is certainly that of raw materials.

However, we must not lose sight of the fact that not all the developing countries produce or possess raw materials. It is unquestionably very much in the interest of both producers and consumers of raw materials that this problem should be dealt with rationally, and that mutually advantageous solutions should be adopted.

It is in this spirit that my Government welcomes the fact that it has recently been possible to reach agreement on a Common Fund for commodity price stabilization.

I cannot, however, hide my Government's concern at the nature of a minimal basic contribution, even if exceptional as in the present case.

While recognizing the special circumstances surrounding the establishment of the Fund, we do not consider that abandonment of the principle of equitable burden-sharing, in proportion to the economic capacity of countries, will in the long run benefit the developing countries.

With respect to voluntary contributions to the second window, I am now in a position to announce that my Government proposes to make a substantial contribution, to which will be added part of the funds derived from our uniform contribution.

My country wishes in this way to demonstrate its interest in this important stage in the implementation of the Integrated Programme for Commodities. But greater co-operation is essential in this field if we are to stabilize markets and export earnings, and thus achieve

a certain amount of reliability in long-term economic forecasts and offer the developing countries the possibility of generating the resources they require for investment purposes and of planning their development.

3. Although in recent years the system of resource transfer has on the whole been able to meet—sometimes with a certain delay—the growing needs of the developing countries, a number of problems are raised by the distortions which have become apparent. On the one hand, the growing needs of the developing countries have been met at the cost of aggravating the debt burden; on the other hand, it is the developing countries with average and higher incomes that have been able to benefit from the increase in private capital flows, whereas in the poorer developing countries, which depend mainly on ODA, there has been only a very limited increase in the amount of assistance they receive.

The indebtedness problem facing certain developing countries is serious. We must avoid a repetition in the future of situations inherited from the past and try to attenuate, for the present, by means appropriate to specific cases, the debt burden which constitutes an obstacle to development, taking particularly into consideration the case of the most disadvantaged countries. It is for this reason that we welcome the fact that the Trade and Development Board has entered into commitments with a view to the retroactive adjustment of the terms and conditions of the debts contracted by the least developed countries under bilateral ODA.

My Government is pleased to be able to announce here that it has started to make the necessary arrangements to cancel all the debts owed to it by the developing countries, and that at present its ODA consists entirely of grants.

4. My delegation considers that, in future, the achievement of the growth objectives of developing countries will depend on the adaptation of the monetary environment to the particular situation of those countries and on the corrections that may be made to the existing machinery for the transfer of resources, rather than on the establishment of new machinery and instruments. In this spirit, we favour the adoption of measures to adjust the functioning of the facilities granted by IMF and IBRD to the economic situation of the developing countries, an increase in the flow of ODA to the poorest countries, an increase in the resources of multilateral in-

stitutions and easier access for the developing countries to bond markets.

Moreover, I wish to stress the fact that the entry into force of the European Monetary System, to which Luxembourg is a party, that is to say, the establishment of an area of monetary stability in Europe, will not fail to have a favourable impact on the nature of changes not only at the European but also at the world level. This new system will thus play an important role by contributing to the establishment of a stable monetary environment, which is necessary for the success of the strategies adopted, as a result of which it should be possible to overcome the crisis.

The progress of the developing countries towards greater autonomy constitutes, in the long term, one of the essential structural changes in the world economy, without which the developing countries will not be able to benefit from improvements in the world economic system.

In the search for greater autonomy, to which we are moreover prepared to make our contribution, the expansion of trade between developing countries should play an important role in their industrialization process and in the reduction of their dependence on the markets of the industrialized countries.

If we are gathered here at Manila and participating in this important United Nations Conference, it is because we are fully aware of the urgency of the problems we face and of the need to find practical solutions to them.

The objective is the progressive and genuine transformation of international relations so that the developing countries become increasingly essential partners for the industrialized countries with a view to the establishment of a new world equilibrium.

You may rest assured that Luxembourg is approaching this Conference with an open mind, firmly resolved to make progress and achieve tangible results. If, during this Conference, we are prepared to do everything in our power to this end, if we conduct our work in a receptive spirit and try to find practical solutions, we shall succeed and achieve tangible results for the future of relations between the third world and the industrialized world. This, in any case, is the hope I express on behalf of the Government of Luxembourg.

**Statement made at the 159th plenary meeting, on 15 May 1979,  
by Mr. Mahathir Mohamed, Deputy Prime Minister and Minister of Trade and Industry of Malaysia**

On behalf of the Malaysian delegation, I would like to congratulate you, Mr. President, on your election to preside over this very important and historic meeting. I am confident that under your able guidance and leadership we shall deal positively with the agenda before us. If we do not achieve the goals we have set for ourselves, the goals for which UNCTAD was designed, we shall have only ourselves to blame. However, like everyone else, I believe we will succeed. I would wish to take this opportunity to thank the members of the Asian

Group for nominating Malaysia as one of the Vice-Presidents of the Conference. I also wish to extend a very warm welcome on behalf of my delegation to Tonga, which has just joined us in the Asian Group of the Group of 77. I would also like, through you, Mr. President, to extend our deepest appreciation to the Government and the people of the Philippines for the warm hospitality extended to my delegation since our arrival here in Manila. The magnificent Philippines, may I add, never fails to make interesting what would

otherwise be a tedious round of speeches, talks and discussions on rather mundane affairs.

We have heard over the last six days statements made by the many delegates gathered in Manila for this Conference. They have spoken most cogently and comprehensively on the serious challenges faced by the international community. The spokesmen of the developing countries have elaborated and will be elaborating on their special problems and on the need for one and all to help resolve those problems. Each and every one of us hopes, despite previous experience, that the torrent of words we pour before this gathering will somehow contribute to the solution of our problems and to the betterment of everyone.

I doubt very much that I can add anything new to what has already been said. But the issues before us require that we should belabour the points until those who obstruct the path of international co-operation give in through sheer exhaustion. Consequently, I will offer no apology if what I say is but an echo of statements made by other distinguished delegates.

In the three years since the fourth session of the United Nations Conference on Trade and Development, we have witnessed some major developments on the international trade scene, the main focus of this Conference. Certain of those developments are positive and encouraging, but others are negative and rather frustrating.

The positive developments are evident in the area of negotiations on commodities. Malaysia welcomes the breakthrough achieved at the third reconvened session of the Negotiating Conference on a Common Fund, held in March 1979, on the fundamental elements of a Common Fund. This development is particularly significant, considering the fact that it came after long and difficult negotiations, when hope was almost lost that any agreement would be attained at all. We consider this achievement a significant step forward in the effort to establish the much talked of new international economic order. But we are mindful of the fact that there are still the rocks of the detailed provisions on which the Common Fund might founder. Reservations were expressed by certain delegations concerning certain parts of the "package" adopted by the negotiating Conference in March. We ourselves consider that the quantum of the Fund's resources raised by direct government contributions should be reviewed after some experience of the Fund's operations. It is our earnest hope that work on the articles of agreement and other preparations for the establishment of the Common Fund will be completed, as scheduled, before the end of 1979.

We are further encouraged to hear the pledges of voluntary contributions to the Common Fund made by various delegates before me and that no doubt will be made by others after me. On behalf of the Malaysian Government, I am gratified to be able to pledge the amount of \$1 million to the second window. In effect, this means Malaysia's contribution to the second window will be \$1,467,000.

We also see some breakthrough in the negotiations for an international rubber price stabilization agreement. Significant progress has been made and agree-

ment on all important issues has been reached. Malaysia's interest in this area is obvious, since we are the world's biggest producer of natural rubber. But we are not forgetting other commodities, whether they are produced by us or not. We hope that negotiations in respect of all commodities will begin soon.

The Common Fund and the commodity negotiations have as their main objectives the proper regulation of the market and price stability, conditions which affect the well-being of both producers and consumers. But the problems associated with commodity trade are numerous and complex and call for serious efforts to fulfil the other objectives or components of the Integrated Programme for Commodities. Stable prices and properly regulated markets alone will not give the producer countries the maximum return on their production. Far too many of the associated activities concerned with marketing, transport, distribution, processing and other invisibles benefit the developed consumer countries. The net result is only a marginal return for the producers of commodities. I hope that UNCTAD will take these matters up immediately, for they are integral parts of the whole concept of fair and equitable trade between nations.

As far as I can see, the positive and encouraging developments end here. Developments that are both negative and retrograde, however, run long on the list. The basic problem of poverty remains crucial. Seventy per cent of the world's poor are concentrated in some 115 developing countries. It is not possible to determine positively whether the countries are poor because the people are poor or whether the people are poor because the countries are poor. Perhaps the people in countries bereft of natural resources and productive capacity should be poor naturally. But what is unacceptable is that countries with moderate or rich resources are among the developing countries with high poverty rates. While bad management may be a cause, the single most important factor resulting in general poverty is unfair returns on exported produce or inability to export due to restrictive trade practices. The poverty of developing nations, and consequently the poverty of their people, can be reduced if they can maximize their exports and earn a better return on them.

The story of oil is representative of the kind of practices found in commodity trade in particular. The payments made for the billions of barrels of oil to the oil-producing countries prior to 1973-1974 were so niggardly that for decades those countries remained poverty-stricken. Not only was the posted price totally unrelated to the true value of oil as a source of energy and chemicals, but the rate of royalty was so low that the oil-producing countries could hardly keep body and soul together. To amplify their profits, fictitious transport costs were added. Profit-sharing and production-sharing were unthinkable—and the man who had the temerity to think of them met an untimely death.

Today, of course, the tables have been turned and the whole world, including the poor, is being made to pay the price for the historical exploitation of the poor in Western Asia and elsewhere. When oil was cheap, the

poor were poor. And when oil is dear, the poor are poorer.

The oil saga should have been a lesson to all. But unfortunately, the countries producing other commodities than oil are still being exploited in the same way by the same developed countries, which are still fixing prices, manipulating the market, operating stockpiles, forming closed common markets, and controlling transport and other services to the detriment of the economy of the commodity producers.

The poor will therefore continue to be poor and to breed discontent and disorder. There will continue to be disruptions and civil disturbances, and every one of us will suffer the consequences of commodity shortages, when in fact the commodity is abundant.

What we fail to understand is that developed countries, with the most renowned economists and technocrats, seemingly fail to recognize the dynamism of international comparative advantage. They have refused in practical terms to accept the validity of the argument that the growth and prosperity of the third world would contribute to the recovery and economic viability of the developed countries themselves. Surely they must see that rich customers make for bigger profits. The petrodollars resulting from oil price increases have not only stimulated the purchase of more manufactured products from the West but have also financed more business activities than was possible before "petrodollars" became a household word. If we are facing a depression, or whatever the economists would like to call the present state of affairs, it is certainly not because the OPEC countries have become rich. The riches of the OPEC countries are being soaked up, one way or another, by the developed countries. The economic slowdown is due to an unthinking panic reaction to a situation in which those accustomed to fixing prices have suddenly been deprived of that luxury. Instead of applying their minds to the question how to live with less oil and the OPEC petrodollars, the developed countries have raised prices, reduced productivity and restricted trade.

One would have thought that, once the effect of exploiting oil had been experienced, mistakes would not be made with other commodities. But the haggling over the Common Fund and the stabilization of other commodities shows clearly that the oil story is likely to be repeated.

The poor countries are therefore going to remain poor for a considerable length of time. Poverty is going to remain an unresolved problem; and, together with poverty, political instability, civil disturbances, *coups* and generally a great deal of social injustice.

I appeal to the leaders of responsible nations to give more thought, if not to poverty *per se*, at least to the consequences of poverty. Their own self-interest demands that they do so. The fight to reduce poverty should get serious attention from everyone. The poor countries will do their best, but the degree of their success will depend on a deliberate reassessment by the developed countries of their role in the anti-poverty campaign.

It has been said that, if it were not for the multilateral trade negotiations, many Governments would already have given way to more protectionist demands. Now that the negotiations are nearing their end, it is feared that protectionist pressures will build up once again. When the Tokyo Declaration was made, it was assumed that the developed countries subscribing to it understood the full meaning of their commitment. It is therefore very distressing to find countries which express regret that, although they are willing to allow preferential imports, their own laws do not permit this until reciprocal arrangements are provided. Thus, unless the developing countries are willing to give preference to imports of manufactures from developed countries on the same terms, they cannot get free access for their products in those countries. These are man-made laws which can surely be unmade. But the countries concerned behave as if laws, once made, are sacrosanct and may not be altered for any reason whatever. Because of this and other dilatory manoeuvres, the multilateral trade negotiations have failed to bring relief to the developing countries. The Tokyo Declaration is thus rendered almost meaningless.

There is now a disturbing and distinct trend towards the development in the developed countries of "organized trade", as typified by "orderly marketing arrangements" and "voluntary restraint agreements". We must resist this trend, as such arrangements are nothing more than just another closed-shop protectionist device organized for the benefit of the developed countries.

A matter of grave concern is the trade-union-inspired labelling of tax incentives to stimulate investments in developing countries as subsidies justifying restrictions on imports. Are the developed countries not subsidizing the industries which export manufactured goods to developing countries? We know that some countries subsidize as much as 20 per cent of the cost of ship-building. Others subsidize their workers through over-generous social benefits, while others sell oil, and by extension energy, to their industries at below market prices. Some even subsidize the raising of chickens. Indeed, subsidy in one form or another is a universal practice in all developed countries. To penalize subsidies in the form of tax incentives for investment is not only to prevent the industrialization of developing countries but also to inflate costs world-wide. Neither the developing nor the developed countries would gain by such a development.

Protectionism, which is increasingly being resorted to in trade, is now extending into wider areas, including aviation and maritime services. The old air-services formulae on the various freedoms were devised by developed countries when they were carving up the industry among themselves. Now that some developing countries have mastered the rules, the developed countries are once again ganging up and devising newer and more restrictive rules. IATA as a vehicle of consultation is being relegated to the background, as the airline majors huddle once again over the division of the spoils.

As poor countries, we knew long ago that air fares were excessively high. The costs of flying the aircraft in service were low and are becoming lower. But the trim-

mings, overheads, wages and profit margins insisted upon by the developed countries have inflated the fares grossly. Although the airlines of poor countries could have charged lower fares, they have been prevented from doing so by IATA. Now that it suits the developed countries, they have forgotten about international agreements and are fixing fares independently. Unreasonably low fares and high stopover charges between them will kill quite a few fledgling airlines of the developing countries. Malaysia deplores this attempt to exclude developing countries from the airline industry. The high seas and the airspace above them belong to everyone and everyone should gain equally from their use. To claim that, because you own the destinations, the route is exclusively yours, is to forget the role of others in enabling you to communicate.

In the field of maritime transport, the dominance of the developed countries is even more oppressive. Shipping conferences organized by shipping lines of the so-called maritime nations monopolize practically all the important routes. Their closed-shop practices have forced the shipping lines of developing countries to join them or perish. In the meantime, the rates for cargoes and the discrimination against certain goods and produce cut into the legitimate earnings of the producer countries. Additionally, insurance and other charges accrue largely to the developed countries.

The tale of woe does not end there. The ability of the poor countries to supply cheap commodities and goods is dependent on the willingness of their people to work. Wages for labour in developing countries are naturally low, but then the cost of living is also low. The Governments of these poor countries are trying hard to create jobs for their people by creating a climate that is conducive to job creation. The Governments of the developing countries now find their efforts undermined from a new quarter—the labour unions of developed countries.

Enjoying a standard of living that is already high, those unions are not only forcing their Governments to restrict imports from poor countries but are also subverting the workers in poor countries in order to reduce their productivity. While dangling the carrot of higher incomes, they instruct the workers in the art of holding whole nations to ransom. The end result would be increased costs, lower and less consistent quality and poor productivity. Ultimately, the goods of the developing countries would not be able to compete with those of developed countries, resulting in widespread unemployment and poverty.

It would not be far wrong to describe the labour unions of the developed countries as neo-imperialists whose "workers' solidarity" is a mere mask to hide their selfish desire to recolonize the economy of developing countries. They have organized and gained control of international labour federations so that they can export labour unrest and force costs to go up in developing countries.

In the pursuit of their objectives, they show a complete disregard for the law. In the face of their power of destruction, the developing countries find themselves quite helpless. As for the Governments of the developed countries, some claim that they are in no position to do

anything, as the unions are above the law. It should be remembered that, when the developed countries were at the same stage of industrialization as the developing countries are now, their workers were docile and totally cowed. Their industrial development was not hampered by industrial unrest. But for the developing countries, industrial unrest is artificially and deliberately stimulated in order that industrialization should be slowed.

Speaking for Malaysia, I must reiterate that we are absolutely in favour of labour unions to protect the rights of workers. But labour unions in developing countries are not meant to be manipulated by unions in developed countries for the purpose of economic subversion. It is time that UNCTAD, in investigating the other causes which prevent equitable trade and development of the poor nations, looked at the role of international labour federations.

The developing countries are clearly being forced to face new problems, while old problems are still unresolved. The problems of market access, technology transfers, shipping and freight and problems in the area of finance and monetary systems are still unsettled.

There is no doubt that the impact of modern technology on the world is tremendous and far-reaching. It affects our environment, our life styles and our well-being. Therefore the emphasis by developing countries on obtaining appropriate technology transfers, on fair and equitable terms, should be not only welcomed but, indeed, supported by the developed countries. There should be no fear that such technology transfers would adversely affect the industries of the developed countries. Technology is not static. By the time the developing countries applied their newly acquired technology, the developed countries would have moved on to newer technologies. They would therefore be ahead of the client countries all the time. The chances that the developing countries will suddenly take off and challenge the donor countries are truly remote. I would like to suggest that the scarce and costly labour in the developed countries should be applied to producing highly sophisticated, high value-added products, while the rest of the world's needs are transferred for manufacture in poor countries. In that way not only would the cost of basic goods remain low, but wealth and opportunities would be shared equally by all.

Some of the poorer countries have derived a lot of benefit from the export of labour. While this might be necessary for a variety of reasons, it would be far better, where possible, for the developed countries to transfer their industries to the developing countries. By so doing, they would be able to continue producing manufactured goods while at the same time keeping their costs low. For the developing countries, apart from progress in industrialization, unemployment would be reduced without emigration. Also, various cultural shocks and social disruptions would be avoided—not the least of which is the pain when guest workers are suddenly no longer needed by their hosts.

In the area of monetary systems and finance, there have been some improvements since the coming into effect of the second amendment to the articles of agreement of IMF in April 1978. Much more, however, needs

to be done to promote international financial and monetary stability. One of the most important requirements is to promote SDRs as the principal reserve asset in the international monetary system, so that the role of reserve currencies will be reduced. IMF should further examine the characteristics and uses of SDRs so as to enhance the attractiveness of this asset. Another need is for IMF to play a more active role in the surveillance of exchange rates of members, especially the larger ones, so that early action can be taken to prevent the destabilizing effects of the exchange rate fluctuations that have characterized the foreign exchange markets since the end of 1977. The developing countries in particular have a direct and vital interest in a further liberalization of the compensatory financing facility by increasing the limit on outstanding drawing by at least 100 per cent of the quotas and by other measures. IMF should also modify overall conditionality on the use of its resources, so that members would be able to obtain a higher volume of balance-of-payments financing at less cost to their economies.

The disappointingly low levels of ODA from the major industrial countries throughout the present decade have been the subject of criticism by developing countries for some time. Unfortunately, the response has not been very encouraging. Developed countries should demonstrate their sincerity by increasing their aid to the agreed level of 0.7 per cent of GNP. For the next Development Decade, developed countries should not only agree to provide a higher level of assistance than in the past but should in fact exhibit a political will to fulfil their commitments. For a number of developing countries, such aids are crucial and are their only hope for overcoming their grinding poverty.

There is also a need to increase the resources of multilateral development institutions so as to enable them to finance development in developing countries. In this connection, it is important that early agreement be reached on an increase to the capital base of the World Bank as well as on the replenishment of IDA resources.

I and others before me have dealt at great length with the woes of the developing countries and the need for understanding and help from the developed States. Important though understanding and help from the developed countries are, I would be sadly remiss if I did not belabour the faults of the developing countries equally forthrightly.

The fact is that we of the developing world have not done as much for ourselves as we should. As producers of the most strategic commodities, as well as being a considerable market for the manufactures of the North, we have tremendous economic clout. If organized and co-ordinated, we can use this clout to our advantage.

It may not be possible to bring all the poor countries together, but regional arrangements can set the pattern for much wider co-operation in the future. True, regional organizations have failed or have not fulfilled the expectations of their members. But surely regional economic grouping is worth another try.

The holding of the fifth session of the Conference in the Philippines is significant because our host is a member of ASEAN, the regional grouping of five South-East Asian countries. The progress of ASEAN has been slow, but there is no doubt that the Association is steadily growing in stature and influence. Owing to the closer co-operation of its members, ASEAN has been more effective, not only in protecting the interests of its members but also in contributing more weight towards the cause of developing countries in international forums. There is no doubt that, by exhibiting greater solidarity and co-ordinating their efforts, the developing countries of ASEAN have been able to get relatively fairer deals from the developed countries.

It must be obvious to everyone that the developed countries are able to get their way only because they operate from a position of strength. The OPEC countries also succeed because of their combined strength. It follows that, if the developing countries wish to have their way, they will have to find ways and means of acquiring strength. And a good regional grouping is one such way.

All this may sound like a strategy of confrontation. UNCTAD should not be a forum for confrontation. It should be a diplomatic and negotiating forum. I fully subscribe to diplomacy and gentlemanly negotiation. But diplomacy is much more effective if we have the wherewithal to deliver, if not a truly painful clout, at least one that will enforce awareness and good sense.

I hope this one-month-long Conference will not result in mere compilations of the various statements made and documentation of the dissatisfaction expressed. It must result in specific proposals and outlines for a new world economic system, with fairer conditions of trade, fairer distributions of products and access to markets and fairer opportunities for a rewarding and life-sustaining employment. The Arusha Programme for Collective Self-Reliance and Framework for Negotiations contains the essential elements for the attainment of these ends. It is a bold attempt at outlining specific proposals that aim at remedying the current world economic malaise and creating more healthy international economic co-operation for the 1980s and the future. I hope that this Conference will adequately and positively respond to those various proposals and that most, if not all, of the essential elements will be implemented as expeditiously as possible.



**Statement made at the 166th plenary meeting, on 18 May 1979,  
by Mr. Louis P. Mizzi, Assistant Secretary, Ministry of Trade, Industry  
and Parastatal and Peoples' Industries of Malta**

It is my first and pleasant duty to congratulate you, Mr. President, on your election to preside over this fifth session of the United Nations Conference on Trade and Development. The service you are rendering us, by the excellent way you are managing this Conference, is equalled only by the lavish hospitality that President Marcos, the First Lady and the Philippine people are bestowing on us.

We are indeed impressed both by the enthusiasm with which your picturesque country is undertaking its task as host of the fifth session of the Conference and by the success which is crowning these endeavours.

Since the fourth session of the Conference, the apparent rhythm of activity in the North-South dialogue has been fast, almost frenetic. In a very limited number of areas, especially on the question of the Common Fund, it can even be claimed that some progress has lately been achieved. This should not blind us to the fact, however, that the overall rate of progress has not been adequate to match the legitimate aspirations of the developing world or even to justify the vast number of meetings, debates, reports and resolutions which our activities have spawned. It is still reasonable to conclude that the necessary momentum has not yet been generated which would bring the new international economic order into reality in the foreseeable future.

It is a distressing indictment of the international economic dialogue of the last three years to acknowledge that, with one exception, most of what we have to say today on most of the vital issues confronting us does not differ in substance from what was said in Nairobi, at the fourth session of the Conference.

Many have repeatedly stressed that the process of consultation, even where it has appeared most futile, has helped to give the developed countries a better insight into the demands of the developing world. However, one still cannot escape the feeling that this argument lacks real conviction and that the process of interminable negotiation has more often than not been used as a tactic of attrition aimed at eroding the concepts underlying the new international economic order and at weakening the collective determination of the developing countries. There certainly can be no misunderstanding at this stage, and one wonders whether there ever was. What the developing countries are seeking is a fundamental qualitative change in international economic relations. What the developed countries are prepared to consider are mere quantitative concessions. Essentially, we are still at square one over the basic issues inspiring the slogan which was the motive power for the creation of UNCTAD in the early 1960s—the demand of the developing world for trade, not aid.

As a small island developing country totally bereft of exploitable natural resources, Malta is very conscious of the economic diversity which exists within the develop-

ing world. We are nevertheless equally as conscious of the common bonds which are enmeshed in this diversity.

In common with our partners in the developing world, we have long experienced the deep frustrations of not having a rightful say in our own destiny. For 15 years after achieving, in theory, its political independence, economic imperatives continued to make it impossible for Malta to eliminate a residue from its colonial period which jarred with a development strategy based on self-respect and non-alignment. The presence in Malta of a military base operated by the former colonial Power was not only a symbol but also a direct manifestation of the fact that my country was not yet in a position to assume full control of its own destiny. This imperative was forced upon us by the pattern of dependency created during our colonial period and perpetuated through the prevailing system of international relations. We are proud that, in spite of continuing structural difficulties and even of direct obstruction from various quarters, the Maltese people, just over two months ago, broke loose from their post-colonial fetters and, through the complete dismantling of all foreign military bases on the island, assumed full control of their own future.

In joining with the just demands of the developing world, we join a crusade against that pattern of dependency from which we, like others, have suffered so much in the past and which is still inhibiting our present development process. In this crusade, one of the concepts which we find most attractive and rewarding is the concept of collective self-reliance. We firmly believe that, in co-operation with our brothers in the developing world, we can fruitfully identify strategies and concrete solutions to our shared problems, thereby engendering a process of growth and well-being free from the shackles of dependency which still characterize international relations.

The concept of collective self-reliance translates itself into activities at the bilateral as well as at the regional and interregional levels. Malta is keenly involved in all aspects of these activities within the limits imposed by its size and resources. We are gratified by the tangible results which we have already achieved, especially in our bilateral activities with other developing countries both within our region and beyond.

We have also devoted particular effort and attention to the concept of collective self-reliance in our own region of the Mediterranean. As a small peace-loving nation, with deep-rooted friendly relations with all its immediate neighbours, Malta envisages only one threat to its own security—the threat of regional instability. Such instability is unfortunately an almost endemic phenomenon in our region.

We therefore see in an extended programme of regional co-operation both an economic as well as a political imperative for the Mediterranean. Our regional developing country partners have whole-heartedly en-

dorsed our approach and have given us their open support. The enthusiasm of the developed countries, however, has been muted. We have found that support for projects of regional co-operation is limited both in breadth as well as in scope to those aspects which do not have any significant impact on the development process of the developing countries in our region. At the regional level, we therefore witness the same half-hearted and negative attitude from the developed countries which is manifest, at a more global level, in respect of ECDC as well as in respect of other elements of the new international economic order. The developed world still lacks the political will which would transform it into a sincere and active partner for development.

What the developed world is seeking is to preserve its stranglehold on the global structures for trade, finance and technology transfer. This stranglehold has such a firm grip on the present international economic system that straightforward measures of ECDC, even if fully effective in their own terms, cannot be expected to produce far-reaching results without more direct action by the developed countries themselves.

Malta has had its share of the burden arising from the arbitrariness of the international trading system and the protectionist tendencies nourished by this arbitrariness. After we had carefully nurtured an export industry largely dependent on textile manufactures, our textile exports have recently been faced with a barrage of protectionist measures from some of our most important trading partners which threaten not only the growth but even the very existence of this most vital of our industries. And this from trading partners with which we supposedly have an economic co-operation agreement, and which have theoretically included us in their general scheme of preferences. A generalized preferences scheme which applies to all items except those which we actually export is as useful as fresh air to a hungry man. The manner in which the developed countries are managing to take away with one hand the trade advantages they are supposedly granting with the other has in itself developed into a sophisticated and arcane system. It is more than high time, at this fifth session of the Conference, for the developed countries to agree to stop playing this cynical game of cat and mouse with the developing world.

Malta, like other developing countries, needs and welcomes the presence of foreign investment on its soil. However, we consider it necessary for the Governments

of the developed countries to take an active role in this type of investment not simply by seeking to intervene where the interests of their corporations are involved but primarily and essentially to encourage its efficient and rational flow.

The objectives which bind the developing countries together are clearly of a substance and significance which makes them resistant to the divergencies which exist. It is for this reason that my country, while wholeheartedly supporting equally all the demands of the Arusha Programme for Collective Self-Reliance, also finds it logical to lay particular emphasis on that section of the Arusha Programme which calls for special attention to the needs of the category of island developing countries of which we form part. At the fourth session of the Conference, a programme for special measures for island developing countries was agreed upon, much of which regrettably is still far from being implemented by the international community. And yet, in an international economic situation of increasing turmoil and unpredictability, countries with small and open economies like ours are the ones to suffer first and most. The vulnerability of our situation makes us feel justified in calling the urgent attention of the international community to our needs, even while we also acknowledge the fact that the different problems of other categories of developing countries are no less urgent than ours. In the new and just international economic order we are all seeking, the interests of even the smallest and the weakest of nations cannot be ignored. Malta has consistently striven to ensure that this important principle is never obscured.

We have done so in our position on the Integrated Programme for Commodities, where our solid support for the objectives of that Programme has been complemented by our call for safeguard measures for the net importing developing countries. We continue to do so in our insistence that the needs of the small island developing countries are not ignored in the complex and far-reaching negotiations over other, perhaps more dramatic, issues.

Ultimately, the benefits arising out of our endeavours, if they are to be meaningful, must reach individuals, not nations. Unless and until all individuals on this globe enjoy conditions permitting them to live their life in dignity and peace, no nation can claim to have accomplished its task.

**Statement made at the 165th plenary meeting, on 18 May 1979,  
by Mr. Dayanundlall Basant Rai, Minister of Commerce and Industry of Mauritius**

I would like at the outset to express, on behalf of the Mauritian delegation, my sincere thanks and appreciation to the Government and people of the Republic of the Philippines for the warm welcome and hospitality extended to us and for the impeccable organization and facilities put at our disposal.

I am convinced that the pleasant surroundings in which we are so privileged to work will be of great

assistance in enabling us to grasp the unique opportunity offered to us to do justice to the aspirations of the downtrodden of this world.

Mr. President, on behalf of the Mauritian delegation I would like to congratulate you most sincerely on your election; my congratulations also go to the members of the Bureau. Your election to the high office of President of our Conference is a well-deserved tribute to your

outstanding personal ability and your country's effective role in international forums especially concerned with the advancement of development and trade. I am confident that, under your guidance and wise leadership, this Conference will be steered towards the achievement of what is by now the accepted objective of the international community, that is the establishment of a new international economic order through which the third world can aspire to the equitable sharing of the international wealth and the enhancement of the quality of life of the oppressed of this world.

The agenda of this Conference is without doubt a lengthy one, but it reflects the many different pressing problems to which the international community has to find answers. In his inspiring keynote address, President Marcos called for the ending of the "arid and useless anguished struggle" which has prevailed during the past 20 years, especially during the four previous sessions of the United Nations Conference on Trade and Development. My delegation sincerely hopes that the words of President Marcos will be the guiding factor in our deliberations. Only through co-operation and mutual understanding will we be able to bring about a society which is duly attentive to the needs and dignity of man.

Despite the several well-intentioned resolutions passed at our last session, we are still confronted with an international scene riddled with misconceived policies which have led to increased protectionism, unstable commodity markets, chaos and breakdown of the monetary system and chronic adverse terms of trade for the developing countries.

Since the fourth session of the Conference, at Nairobi, international trade has not developed to the satisfaction of the developing world; in fact, it has been extremely disappointing and has run counter to the establishment of a new international economic order. The export earnings of developing countries have been low and inadequate to compensate for the rising costs of capital goods and manufactures imported from industrialized countries, which are essential to our development needs. Furthermore, another feature of the last few years has been a stepping up of protectionist measures by industrialized countries in the wake of the cold winds of recession, thus making international economic co-operation utopian.

At a time when interdependence should be the guiding factor in international relationships, the present pursuit by industrialized countries of protectionist measures as a way out of their economic problems is self-defeating, as has been clearly explained by Mr. McNamara, President of the World Bank, and by other speakers. Such policies are based on a shaky world economic foundation. The instability of the world economy and the many and persistent crises are definite signs that the present economic system no longer serves the needs and aspirations of our time. It is the duty of one and all to do away with the sporadic actions to which we have been so used in the past and to take a hard and urgent look at the structural and fundamental defects of the present system with a view to elaborating a world economy which would take care of the present inequities and imbalances.

My country has had through the years a one-crop economy. However, during the past few years, we have been trying very hard to diversify our economy by launching an industrialization programme to cope with our pressing problem of unemployment and to improve the quality of life of our people. Thus my delegation attaches great importance to issues related to the transfer of technology. It is a well-known fact that the amount of capital investment by itself does not necessarily ensure sustained development. The needs of third world countries like mine cannot be met unless there is a continuous improvement in productivity that can be brought about by new technology and trained manpower. However, the present scene in the field of science and technology is dominated by a baffling disparity between the developed and the poor nations. Our Conference has to find the means of establishing a system conducive to an orderly transfer of technology from the rich to the poor nations. My delegation regards the international code of conduct on the transfer of technology as an important element essential to the strengthening of the national technological capacity of the third world countries and views with concern the slow progress being made in the negotiations.

My delegation acknowledges with satisfaction the goodwill shown during the recent negotiations which have led to an agreement on the fundamental elements of the Common Fund. However, my delegation shares the concern expressed by several delegations regarding the possibility that the second window may not meet the expectations of the developing countries due to lack of adequate financial support.

I mentioned earlier that my country had a one-crop economy. Sugar is the backbone of the economy of Mauritius; it accounts for more than 70 per cent of our export earnings. We are thankful to the Executive Director of the International Sugar Organization for his frank and clear statement concerning the sugar market and the factors contributing to the existing unsatisfactory situation. My country views with concern the fact, that the price of sugar on the world market has remained low, although the International Sugar Agreement has been in operation since 1977. My delegation hopes that all parties concerned will take the necessary measures to enable the Agreement to operate efficiently and to the advantage of the parties concerned.

What we have witnessed for several years now is proof enough that the international monetary system is in urgent need of further reform. In the overall context of the establishment of the new international economic order, the international monetary system has to be one which supports the development of the developing countries and at the same time enhances the possibilities of the developing countries to benefit from an equitable distribution of international liquidity.

Other major areas in the field of finance which require our serious consideration are the flow of resources, both official and private, and the question of debt servicing. My delegation views with concern the fact that some major donor countries have not met the agreed 0.7 per cent target for ODA. As far as debt management is concerned, my delegation wishes to

voice its satisfaction that a number of developed countries have taken steps to alleviate the ODA debts of several developing countries. However, it is the view of my delegation that there is need for the establishment of an adequate structure permitting international negotiations which would lead to an agreed framework of principles and procedures to resolve future debt problems of the developing countries.

Although it has taken more than five years for the multilateral trade negotiations to be officially concluded, those negotiations can hardly be regarded as a breakthrough for the developing countries. In order to satisfy the aspirations of the developing countries, there is a need for this Conference to insist that the negotiations should become a continuous process until the commitments accepted by the developed countries within the framework of the Tokyo Declaration are effectively implemented.

**Statement made at the 156th plenary meeting, on 11 May 1979,  
by Mr. Jorge de la Vega Domínguez, Minister of Trade of Mexico**

Mexico is attending the fifth session of the United Nations Conference on Trade and Development with serious concern but with renewed hope and confidence that the session will provide it with an opportunity to add its efforts in the difficult task of achieving development, peace and international solidarity.

President López Portillo expresses his very best wishes for the success of our work. He is confident that we shall reach agreements that will make it possible for us at least to ease current problems and that we shall work out principles for co-operation enabling the right approach to be taken to the major challenges of the world economy.

We thank the Government of the Philippines for the generosity which it has shown in order to make our stay in Manila a productive and pleasant experience.

This session of the Conference is being held at a time characterized by a multiplicity of debates and dispersion of efforts. Since the last session, there have been innumerable meetings on matters related to the objectives of UNCTAD. All of them have been marked by systematic and seemingly ineluctable confrontation between countries at different levels of development. All of them have produced meagre results because our basic political commitment has been forgotten.

Seven years ago, the proposal was introduced in this forum to draw up a Charter of Economic Rights and Duties of States which would serve as the normative framework for the new international economic order. It fell to UNCTAD to initiate action on the matter, since there was agreement among the trends represented there that the objectives which we pursued could be attained only by adopting a global approach.

As the President of Mexico has stated, "almost everything has been said and almost nothing has been done" about the establishment of the new economic order.

As a developing island which suffers from geographical isolation, a small internal market and the unique needs and problems of island developing countries, my country attaches special importance to item 16 (b) of the agenda of this Conference. In this respect, the Arusha Programme for Collective Self-Reliance calls on the international community to give strong financial and technical assistance to support the implementation of Conference resolution 98 (IV) and the relevant General Assembly resolutions. My delegation hopes that this Conference will give due consideration to the specific needs of island developing countries during its deliberations.

Finally, I wish to convey my deep appreciation to the Secretary-General of UNCTAD and his associates for their significant contribution to the preparation and servicing of this Conference and for their contribution in the field of trade and development.

Since that Charter came into being, the problems which it was designed to resolve have worsened. It has been a time of widespread inflation, which has had a disastrous effect on the developing countries. The expansion of international trade has been curbed by protectionism, allied with fierce competition between economic systems and between the most highly industrialized nations.

These phenomena are merely a reflection of the problems which led to the establishment of UNCTAD. We are confronted with a system of international relations which perpetuates and constantly magnifies the inequality on which it is based. It is now clear that the imbalances which first appeared to be cyclical are in fact structural in nature.

The developing countries' share in world trade has not changed over the past 10 years. During this period, their public debt has doubled and has been accounted for to an increasing extent by private loans. Consequently there is no tendency towards stabilization but, instead, a process of impoverishment.

We maintain full solidarity with the developing countries in regard to the treatment of debt. We also stress the need to guarantee easy access to capital markets, whose rigidity affects us all periodically. In this matter, as in others, however, we consider it essential to deal with the root of the problem.

The trade balance in manufactures continues to be overwhelmingly favourable to the industrialized countries. The growing protectionism of the most highly developed countries and their pressing need for natural resources to sustain wasteful consumption foster international conduct which runs counter to the principles of the new economic order.

Moreover, we have failed to resolve long-standing problems which have been a matter of concern to UNCTAD since its inception. The economies of our

countries are still heavily dependent on earnings from commodity exports. Yet the instability of prices is accompanied by a vast disproportion between what the consumer pays for those goods and what those who produce them actually receive.

We attach particular significance to the agreement which was reached on the elements of the Common Fund under the Integrated Programme for Commodities. Mexico is prepared to make a substantial voluntary contribution to the financial resources of that institution.

The agreements which have been achieved demonstrate that international co-operation is possible on matters of vital importance. Nevertheless, these decisions should be regarded only as a first step towards the real solutions.

In this connection, it is essential to bear in mind that the developing countries do not participate fully in the decisions affecting them, whether in respect of trade or in respect of money, financing, technology or transport. Such decisions originate in organs which predominantly reflect the interests of the most powerful nations.

They thus frequently seek to impose criteria which in various ways harm the economies of our countries. We reject, for example, the concept of graduation whereby international co-operation is not to apply to middle income developing countries.

Nor do we accept the concept of selectivity, which involves the introduction of particularly severe protectionist measures against developing countries. We also consider that the concept of guarantees for foreign investments and of access to supplies is contrary to the commitments entered into by the international community.

The fifth session of the Conference is beginning only days after the conclusion of an important round in the GATT negotiations. In addition to the chronological coincidence, this means that important agreements have been concluded prior to this Conference and that we are commencing our work at a time when other deliberations on similar subjects have been terminated.

Given the present prospects, it is essential for the international community to recognize the pre-eminence of universal forums over those of a partial or specialized character and over unilateral decisions which distort or nullify global agreements.

The new international economic order is not a set of moral postulates or good intentions but an objective necessity. It is necessary for States to assume their political responsibility in international relations and to progress from words to deeds, so that coherent solutions may be found to the problems of development and hence to the problems of man.

The results which we achieve here must decisively influence the forthcoming activities of the international community, for otherwise UNCTAD will ultimately lose its *raison d'être*.

In redefining the methods and commitments with which we shall approach the Third United Nations Development Decade, we must recognize the structural nature of the inequality which is becoming daily more

marked, and the fact that disorder is conducive to virtual economic war.

The classic pattern of the international division of labour no longer suffices to explain the present-day economy, which is characterized by a growing transnationalization that sometimes impinges on the sovereignty and thwarts the national plans of most of our countries.

An economic system persists in which primary products are traded on unfavourable terms for manufactured goods. At the same time, advanced technological enclaves which exacerbate internal and international inequality and whose strategic control exceeds the political capacity of States are being established in our countries.

This new pattern for the organization of production rests on a global economic concept which is contrary to the principles of UNCTAD. There is a radical concentration of economic decision-making in ever smaller groups. This phenomenon is reflected in a new form of transnationalization of the economy which is incompatible with the social requirements of all peoples, including the peoples of the countries in which it originates.

This situation calls for essentially political action and involves not only the viability of a new world order but also the very survival of States and their national responsibilities.

In this connection, the President of Mexico referred in May of last year to the possibility of formulating a genuine world energy policy treating energy resources as a common responsibility of mankind, within the framework of the new international economic order.

Developments in this field illustrate world disorder and the breaking-point of the precarious balance which has been achieved. For this very reason, a rational energy policy can and must be the first step in solving the range of problems which confront us.

The energy question reveals the inadequacy of natural resources, improvidence, unequal economic growth, illegitimate use of pressure to perpetuate injustice and lack of equity in the existing distribution mechanisms which lead to excessive consumption by the few and the impoverishment of the others.

In the area of energy resources, decisions have eluded the control of the most powerful. Unless an equitable global agreement is reached, there will be scarcity, injustice and violence.

The common world responsibility for which we call requires adequate development, conservation and exploitation of the sources of energy, and the rationalization of consumption, supply and distribution.

Energy resources are the corner-stone of a new international order and must be harnessed for a process of social change which benefits mankind as a whole.

The fifth session of the Conference once again expresses the need for world reform.

We come to this Conference convinced that its work can have a decisive impact on the development of the international community over the next decade, for which

our peoples are preparing themselves with hope and realism.

During the next Development Decade, the highest priority must be given to the global implementation of the postulates of the new international economic order and the application of the normative provisions on which it is based.

This Conference derives its authority from its global approach to international economic relations, the universal character of its resolutions and the democratic

origin of its agreements. Consequently, the partial approaches characteristic of other forums must be subordinated to the principles which we uphold here.

Mexico has been involved in all the efforts to establish a new code of economic relations based on equity. It will continue that involvement with full conviction during these decisive years. As the President of Mexico has said: "We shall continue to uphold our principles until the energy of peoples and the power of reason make them a reality in which international law prevails."

**Statement made at the 157th plenary meeting, on 14 May 1979,  
by Mr. Yondongiin Ochir, Minister of Foreign Trade of Mongolia**

Mr. President, on behalf of the delegation of the Mongolian People's Republic and on my own behalf, I should first like to extend the warmest congratulations to you, to the Vice-President and to the Rapporteur on your unanimous election to the high offices which you hold at this fifth session of the United Nations Conference on Trade and Development.

The Mongolian delegation is confident that, under your able leadership, this session will make a tangible contribution to the solution of world trade and economic problems in the interests of all members of the international community.

The Mongolian delegation would also like to express its deep gratitude to the people and Government of the Philippines for their hospitality and for the excellent conditions under which this important international forum is being held.

We should like to take this opportunity to thank the Secretary-General of UNCTAD for the work he has done in preparation for this session; we should also like to welcome the new members of UNCTAD.

The fifth session of the Conference is being held at a time when the process of *détente* is continuing to gain strength in the world and the extension of this process is creating favourable conditions for the development of mutually advantageous trade and economic relations between States with different social and economic systems. Stressing the indissoluble link between development and *détente*, a number of socialist countries, including the Mongolian People's Republic, have noted in the joint document they have submitted under agenda item 8 of this session that *détente* "offers various well-defined and tangible economic advantages. For example, the curbing of the arms race and a reduction in military budgets would lead to an improvement in the public finances of many countries and reduce inflation".

The Mongolian delegation therefore considers that the most important task of the present day is to consolidate and extend the process of *détente* and effectively to curb the arms race. This is all the more important because of recent events which have aggravated the international situation as a whole and particularly the situation in Asia, where this vital international forum is being held. No peace-loving peoples can be indifferent

to the recent acts of aggression against the Socialist Republic of Viet Nam. This great Power chauvinist policy is having far-reaching adverse consequences that are detrimental to the cause of peace and broad international co-operation, and to the social and economic development of other nations.

The delegation of the Mongolian People's Republic considers that one of the important positive features of the present general political situation, which forms the background to the fifth session of the Conference, is the increasing part being played by developing countries in resolving world-wide problems. Our delegation therefore fully supports the declaration made in the Arusha Programme by the representatives of the developing countries members of the Group of 77 that "the Governments and peoples of developing countries shall continue to mobilize their resources in support of their common struggle against colonialism, foreign aggression and occupation, racism, *apartheid* and all forms of foreign domination and exploitation, so as to put an immediate end to these major obstacles to development".

From the economic standpoint, the years which have elapsed since the fourth session of the Conference have been marked by a state of crisis in the world capitalist economy and by dynamic development in the countries of the socialist community.

The documents prepared by the UNCTAD secretariat, in particular its report on 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), show that in developed capitalist countries a downward trend in economic growth has set in, that the level of unemployment remains high and that inflation has reached a post-war record.

In these circumstances, the economy of the developing countries is being acutely affected by the grave consequences of the protracted crises engulfing the capitalist world. This is aggravating the difficulties which these countries face in overcoming the economic backwardness they have inherited from their colonial past. The main goals of the international development strategy for the 1970s have proved unattainable.



The Mongolian delegation is convinced that the successful solution of the problem of economic and social backwardness in the developing countries is inextricably linked with radical and progressive socio-economic changes within these countries, including development of the public sector, establishment of full sovereignty over natural resources, introduction of national planning, etc. An important external factor in this process is the restructuring of international economic relations on the basis of equality, non-discrimination and mutual advantage.

As I have already emphasized, the socialist countries are clearly overtaking the developed capitalist States in rates of economic growth. During the 30 years' existence of CMEA, the rate of increase in the national income of its members has been almost three times as great as in the developed capitalist countries, and the rate of increase in industrial production has been four times as great.

International economic relations of a kind never before seen in the world have been established among the socialist countries, relations based on the principles of sovereignty, equality, and mutual brotherly aid laid down in the CMEA charter and in the Comprehensive Programme of socialist economic integration.

The Mongolian People's Republic has supported and continues to support the successful implementation of the progressive principles for the restructuring of international economic relations contained in the principal documents of the General Assembly and of UNCTAD. Guided by its Government's policies of principle, our delegation supports those basic provisions of the Arusha Programme for Collective Self-Reliance and Framework for Negotiations which have anti-monopolistic aims and reflect the developing countries' legitimate desire for a restructuring of their inequitable economic relations with the developed capitalist countries.

Within a short space of time, the Mongolian People's Republic has progressed from feudalism to socialism, bypassing the capitalist phase of development. As a result, a once backward country has been transformed into an agricultural and industrial nation. This has been achieved first and foremost through the selfless work of our people and through international aid from the Soviet Union and other countries of the socialist community.

Thanks to its participation in the activities of CMEA, the Mongolian People's Republic is in a position to benefit from the international socialist division of labour, substantially to accelerate its social and economic development, and to draw up and execute large-scale projects designed to produce a further increase in productive capacity and a steady rise in the prosperity of the workers.

The Comprehensive Programme for socialist economic integration and the long-term specific co-operation programmes envisage special measures to accelerate development, increase the efficiency of our national economy and bring the level of our economic development gradually into line with that of the other CMEA member countries.

In accordance with the objectives laid down in the sixth five-year plan for the development of the economy and culture of the Mongolian People's Republic, for the period 1976-1980, the total volume of foreign trade will show an increase of approximately 70 per cent over the preceding five-year period. In addition to broadening and intensifying its economic, scientific and technical co-operation with the socialist countries, the Government of the Mongolian People's Republic is prepared to develop mutually advantageous economic links with other countries.

The establishment of genuinely equitable relations between industrially developed capitalist States and developing countries is being hindered by serious obstacles inherent in the functioning of the market economy system and the policy of its leading representatives. In the opinion of our delegation, this is the real reason for the non-implementation of the decisions of the General Assembly and of UNCTAD on the establishment of a new international economic order.

We therefore consider that all those who support the establishment of equitable and mutually advantageous economic relations between all the countries of the world must, through their combined efforts, make an important contribution to the implementation of the well-known resolutions on this subject.

In addition, it should be stressed that the socialist countries have never been responsible for the difficult economic situation which the developing countries have inherited from colonialism, or for the problems which these countries are now experiencing in their quest for economic independence; neither can they be held responsible for the obstacles which impede the establishment of a new international economic order. Any attempts to assign a responsibility to the socialist States equal to that of the capitalist countries are totally unjustified.

The socialist countries share the fundamental aspirations of the vast majority of young independent States which have emerged in place of the former imperialist colonies. Not long ago they themselves had to overcome the colossal difficulties which now confront the developing countries. It should be stressed here that, ever since their emergence, the socialist countries have been constantly subjected by the Western States to economic and political discrimination in trade and economic co-operation.

It must be pointed out that the discriminatory policy of individual countries is gravely detrimental to the implementation of the progressive decisions of UNCTAD and other international organizations on the promotion of trade and economic relations between countries having different social and economic systems. The Mongolian delegation therefore considers that the question of trade between countries having different social and economic systems should continue to be studied within the framework of a universal international body such as UNCTAD, which is called upon to promote the development of international trade in all its aspects.

An important factor in the establishment of a new international economic order is the imposition of limitations on the hitherto unrestricted activities of the

transnational corporations, which are an instrument of neocolonialist policy. Experience shows that, with their dominant position on markets, transnational corporations pursue restrictive business practices and shamelessly interfere in the internal affairs of the host countries, thus infringing upon those countries' sovereignty. The delegation of the Mongolian People's Republic therefore considers that, at the present session, the Conference should not only categorically condemn the arbitrary activities of the transnational corporations in the developing countries but should also draw up active measures effectively to limit their mercenary operations in those countries.

The delegation of the Mongolian People's Republic considers that the significant intensification of protectionist tendencies which has marked the foreign trade policy of the developed capitalist countries in recent years poses a serious threat to the normalization and further development of international trade. In our opinion, it is essential that, at the present session, the Conference should thoroughly examine the real causes of protectionism, which has its origins in the crisis of the capitalist economy.

It must also be pointed out that, in their struggle for the stabilization of commodity markets, the developing countries are confronted with various manoeuvres on the part of the Western Powers, and this is hindering the implementation of the fundamental provisions of Conference resolution 93 (IV). Effective measures should therefore be taken to facilitate an integrated approach to the solution of this problem.

The Mongolian delegation will also support any measures to promote the economic development of land-locked countries.

With regard to rationalization of the work and structure of UNCTAD, the delegation of the Mongolian People's Republic will support the preservation of the universal character of this organization's activities in accordance with resolution 1995 (XIX) of the General Assembly. We also think that the activities of UNCTAD cannot be made more efficient by extravagant increases in the number of staff and in the size of the budget.

In conclusion, our delegation hopes that the fifth session of the Conference will bring positive and universally acceptable solutions to the urgent problems of international economic co-operation.

**Statement made at the 166th plenary meeting, on 18 May 1979,  
by Mr. Azzeddine Guessous, Minister of Trade and Industry of Morocco**

It gives me great pleasure to offer, on behalf of the delegation of the Kingdom of Morocco, my warmest congratulations to General Carlos Romulo, Minister for Foreign Affairs of the Republic of the Philippines, on his election as President of the fifth session of the United Nations Conference on Trade and Development.

We are convinced, Mr. President, that your exceptional personality and experience will enable us to arrive at important resolutions that will make this session an outstanding one.

My delegation also has pleasure in conveying to President Ferdinand Marcos and to the Government and people of the Philippines the warmest greetings of His Majesty King Hassan II, King of Morocco, and of the Government and people of the Kingdom of Morocco.

The tremendous welcome which we have received and the special efforts made by the First Lady of the Philippines to ensure the smooth running of this Conference are consistent with the spirit of the time-honoured traditions of the people of the Philippines.

I should also like to thank Mr. Gamani Corea, the Secretary-General of UNCTAD, who has made every effort to ensure the success of our deliberations.

The session that we are attending could constitute a further step forward in mankind's progress towards a better future. We must turn this hope into reality even though the present situation is not conducive to optimism. Although 20 years have passed since colonialism was liquidated in most of our countries, we are still suffering from the residual effects of that bitter period of our history. We are now meeting once again to

re-analyse the situation and to formulate guidelines for a better future.

The analysis that we are undertaking with a view to evaluating achievements during recent years, particularly during the latter part of this decade, gives cause for anxiety in so far as it concerns human dignity itself.

Human misery has been compounded because inflation and currency fluctuations, impeding every development plan and consequently giving rise to anxiety and a new kind of protectionist trend, are thwarting every attempt at industrialization. Furthermore, technology is facing obstacles which are dashing all hopes of prosperity. All these negative aspects are the legacy of an outdated system of relations based on the philosophy of oppression and the division of the world into an economically wealthy group surrounded by poor groups. The wealthy group regards itself as superhuman and the others as subhuman.

In condemning this system which jeopardizes peace and puts our generation to shame, I shall venture to repeat the views already expressed by speakers who have preceded me.

It is to the industrialized nations in particular that I wish to express my conviction that the world will be unable to establish a new international economic order for the benefit of all peoples unless this is done within the context of a new philosophy and a new spirit in the light of which the industrialized countries must take a more comprehensive view of international solidarity as a full partnership with the developing countries.

The present situation facing the developing countries leaves them no hope of catching up with the industrialized countries. Imported inflation, the continual rise in the prices of manufactures and the low level or stagnation of export earnings, together with currency fluctuations, have led to an unprecedented deterioration in the developing countries' terms of trade, thereby aggravating their debt burden.

On the other hand, the industrialized countries have for several years been suffering from an economic crisis characterized by increasing unemployment and continued inflation. This crisis cannot be resolved by the adoption of measures to restrict the exports of the developing countries, since experience has shown the inability of such measures to overcome either inflation or unemployment.

On the contrary, the real solution lies in the inevitable interdependence of the economies of the industrialized and the developing countries. In order to remedy their increasing stagnation and inflation, the developed countries must encourage the developing countries to increase their purchasing power to an extent that will enable them to enter the industrialization stage through the acquisition of the technology and industrial equipment they currently lack. This objective will be achieved only if the industrialized countries: agree to pay more equitable prices for the raw materials exported by the countries of the third world; open their markets to the agricultural and industrial products of the developing countries that enjoy an advantage with regard to production costs; establish appropriate financing institutions.

In my statement I shall be focusing on the issues of greater equity with regard to the prices of primary commodities, termination of the protectionist trend in the industrialized countries and the financing and transfer of resources, without, however, neglecting other items on the agenda of this session which have rightly been referred to by most of the previous speakers, since they are decisive factors in the search for ways to establish the new international economic order.

During the fourth session of the Conference, at Nairobi, my country announced its official support for the establishment of the Common Fund. Since that time we have participated assiduously in the negotiations aimed at the achievement of that objective. We have expressed our solidarity with the Group of 77 and have placed our full confidence in the Group's negotiators. I take this opportunity to commend their efforts and their high degree of competence.

My country notes with satisfaction the agreement reached at Geneva last March concerning the fundamental elements of the Common Fund, even though that agreement cannot be described as bold or perfect. We are hopeful that the few developed countries that have not yet finally joined in the efforts aimed at establishing that Fund, which reflects the spirit of the new international economic order, will adopt a positive attitude towards the work of the *Ad Hoc* Committee with a view to dispelling the unfavourable impression that their original attitude left on the Group of 77.

In our view, the activities of the second window represent one of the Fund's fundamental elements. We therefore declare our satisfaction at the contributions of States that have always been in the forefront of the struggle for greater co-operation between the industrialized countries and the countries of the third world.

My country hopes that this instrument will be established as soon as possible and that the resources available to it, particularly as far as the second window is concerned, will be sufficient to enable it to discharge the function originally assigned to it by the Group of 77.

Morocco, which has always supported the establishment of this Fund, will do its utmost effectively to ensure its success and the success of the international commodity agreements pertaining thereto.

Moreover, the developing countries must not continue indefinitely to play the role of mere suppliers of raw materials, even at satisfactory prices. Their development necessitates an industrialization that takes account of all their resources, initially through the local financing of their natural resources and the utilization of their technical capabilities and of the enormous manpower available to them. This also requires greater participation by the developing countries in international trade in manufactures and semi-manufactures.

One of the salient features of development in recent years has been the new and increasing protectionist trend among the industrialized countries which, having failed to establish systematic tariff barriers against the exports of the developing countries, have been compelled to resort to various complicated measures aimed, in a tortuous but effective manner, at cushioning their products against foreign competition.

In addition to the protectionist trend exhibited by the Governments of the industrialized countries, we censure and condemn the restrictive business practices in which transnational corporations normally engage, with the full collusion of their Governments, by dividing markets among themselves and by selling technology and trade marks at exorbitant prices.

This new protectionist trend is having a direct adverse effect on us as developing countries since it reduces our foreign currency earnings, increases unemployment and decreases our income. It also has an indirect adverse effect by impeding the industrialization process, which cannot succeed unless it has guaranteed markets.

We emphasize strongly that this protectionist trend has adverse effects even on the economies of the developed countries. This trend, which is basically aimed at maintaining the level of employment in some declining sectors, actually has the opposite effect since it reduces employment opportunities in sectors concerned with the export of capital goods and technology to the developing countries, which are deprived of the means with which to acquire such goods and technology.

Finally, the protectionist trend has an adverse effect on the consumer who is unfamiliar with international conditions. It also helps to maintain inflation and antiquated production systems and prevents the introduction of the necessary modifications and adjustments.

There is a risk that this new protectionist trend, the basic objective of which is to protect particular manufactures from competition by similar commodities imported from the developing countries, may eventually extend to other products such as agricultural and agro-industrial produce. It is regrettable that some industrialized countries, through subsidies, guaranteed prices and strict tariff barriers, are supporting agricultural products for which they lack the appropriate soil and environmental conditions.

Is this the way in which those countries understand the new international division of labour? What share do they leave for the developing countries which supply them with less than 2 per cent of the manufactures that they consume?

A determination of equitable prices for raw materials and a larger share in international trade are two prerequisites if the process of transferring resources is to have any real meaning. That is to say, help should be provided to finance the development of the developing countries rather than leaving those countries in a position of perpetual dependence. The total aid that the developing countries are currently receiving does not even compensate them for their lost export earnings, which in turn are attributable to the deteriorating terms of trade and to the fact that the frontiers of the industrialized countries are closed to their manufactures and semi-manufactures. The excessive debt burden of the countries of the third world is helping to perpetuate aspects of exploitation in international relations rather than financing the development of those countries. The third prerequisite in this respect is true international financial co-operation.

In order to be effective, this process of transferring resources must be carried out on a reliable, regular and systematic basis and must provide the recipient countries with adequate guarantees for the preparation of development and investment programmes. In this field, the Arusha Programme contains practical proposals on which this Conference must take a final decision.

The Moroccan delegation supports, in particular, the proposal made by the developing countries with regard to the provision of long-term facilities at the World Bank for the purpose of financing developing countries' purchases of plant and equipment. This proposal has the added advantage of stimulating development in one of the basic sectors of the developed countries which has been the hardest hit by the present crisis.

One of the radical proposals in keeping with the objective of establishing a new international economic order is the idea of imposing an international development tax that takes into account the individual income of countries of the international community, thereby embodying the principles of true international solidarity.

A prerequisite for such operations for the transfer of resources from the industrialized countries to the developing countries is an alleviation if not a complete cancellation of the debt burden of the countries of the third world, that is to say of those debts formerly contracted by those countries in order to ensure the survival of their population.

Some of the developed countries have taken a commendable initiative in this respect by cancelling the debts of some of the world's poorest countries. However, this is not enough to free the developing countries from their crushing debt burden, which is absorbing the meagre financial resources that they should be applying to development.

Given the consensus manifested within the international community in favour of a real transfer of resources, it is regrettable that some of the most prosperous industrialized countries in the world today are not only allocating a very meagre proportion of their GNP for the benefit of countries of the third world but are even reducing that proportion year after year.

This analysis of the situation makes it incumbent upon us to strengthen ECDC and also co-operation between developing countries and countries having different economic and social systems.

With regard to ECDC, my country, in keeping with international resolutions, has gradually established a network of economic and commercial relations with those developing countries with which it did not already have economic relations, and we are resolutely continuing this endeavour.

Within the overall context of international economic co-operation, one of the priorities of this type of co-operation must be the situation of the least developed countries and of land-locked and island States. Mankind as a whole must assume its responsibilities towards this category of countries.

Morocco will firmly support the emergency programme that we must adopt to remedy the serious situation facing our brothers in the least developed countries. Among the issues that commanded our attention while studying the international economic order, we must deal with relations among countries having different economic and social systems. This subject is not unfamiliar to us, and my country, in keeping with all the resolutions adopted in various forums, is therefore establishing and preparing to develop relations, characterized by dynamic and harmonious equilibrium and based on respect for mutual interests, with all the countries of the world except those that are violating the Charter of the United Nations and the principle of respect for human dignity.

I refer, in particular, to racial discrimination and colonialism, under the yoke of which our brothers in Azania, Namibia and Zimbabwe are still suffering, and Zionism which, by force and terrorism, is occupying Arab territories and depriving our Palestinian brothers of their homeland, thereby turning them into a displaced people.

There will be neither peace nor prosperity in the region until the people of Palestine recover their legitimate rights and all occupied Arab territories are liberated. My country reaffirms its support for the relevant resolutions adopted at the Arab Summit Conference at Rabat and at the Baghdad Conference.

The industrialized world took only a few years to overcome the effects of the rise in oil prices, and the sudden increase in the prices of its manufactures,

especially those that it exports to the developing countries, has enabled it to mitigate the effect of rising oil prices on its economy.

The third world is still pinning its hopes on the early establishment of a new international economic order that will not only free it from the process of absorption from which it has been suffering for over a century but will also enable it to improve its situation.

**Statement made at the 159th plenary meeting, on 15 May 1979,  
by Mr. Manuel dos Santos, Minister of Commerce of Mozambique**

The fifth session of the United Nations Conference on Trade and Development is being held at a critical moment when the world economic situation is deteriorating even further, and the peoples aspire to transform the present international economic relations.

From 1964, the year of the foundation of UNCTAD, to the recognition by the international community of the need to change present economic relations through the adoption of the Charter of Economic Rights and Duties of States and the Declaration and Programme of Action for the Establishment of the New Economic Order, with meetings at New Delhi, Santiago, Manila, Nairobi and Arusha, 15 long years have passed, during which the developing countries have been proposing programmes and concrete measures for developing balanced international economic relations. Fifteen years have passed without the least effort being made by the capitalist developed countries on this issue.

The energy crisis, galloping inflation and deflation, as well as an increasing balance-of-payments disequilibrium that afflict the international community in general and the developing countries in particular are indicators that show the consequence of the systematic refusal of the establishment of conditions for the new international economic order.

The replacement of the present economic order goes beyond the simple aspects of partial agreements on trade, finance and raw materials, for an effective new international economic order that guarantees the sovereign rights over national resources and assures world peace requires the radical transformation of the present economic structure with a view to a correct distribution of the riches which are produced and in a true spirit of independence.

In this process, the developing countries should modify the present production system which was imposed upon them, with a view to totally changing their economies in order to increase production and correct trade, not only of their raw materials but also of their manufactured and semi-manufactured products.

We deem it indispensable that the Governments of developing countries should take measures to quicken the pace of development and transformation of their economies through collective self-reliance and the intensification of joint and concerted efforts with a view to reinforcing not only their economies but also their independence.

We are hopeful that this fifth session of the Conference will help to banish the spectre of imminent confrontation through our adoption by consensus of the concept that a new international economic order necessitates a more equitable redistribution of the revenues of nations. The wealthy countries may rest assured that the development of the third world will constitute the best guarantee of their prosperity if such development is achieved in a spirit of solidarity.

This is the continuation of our struggle for independence. United we should do away with domination and exploitation and attain our goals. Imperialism, through repeated aggression carried out by the illegal and racist regime of Ian Smith, is trying to break the consolidation of the victories of the Mozambican people by constantly attacking vital sectors of our economy.

The Mozambican people lived through a long process of struggle for national liberation for the attainment of our political independence. Today the People's Republic of Mozambique is engaged in a second struggle for total economic independence. On this theme let me quote the President of the People's Republic of Mozambique, Samora Moisés Machel: "With the same spirit that animated us during the struggle for national independence, today we are engaged in a struggle against the last vestiges of colonialism, in a permanent struggle against imperialism. This cannot be dissociated from the common action for the establishment of the new international economic order and the democratization of the international structures."

What meaning has the new international economic order if the peoples of South Africa, Namibia, Zimbabwe, Sahara, Palestine, East Timor and others are denied their rights to live freely in their own countries, to control their own natural resources and to follow the political and economic systems of their choice?

The people and Government of the People's Republic of Mozambique believe that just international co-operation can only be possible within a spirit of total independence; this means that it is of fundamental importance to eradicate colonialism, neo-colonialism, Zionism and *apartheid*, and eliminate foreign occupation, all forms of aggression and interference in the internal affairs of States. These are the main barriers to the emancipation and progress of people.

The struggle of people for the attainment of true independence led the capitalist countries to adopt a new strategy in which imperialist domination and exploitation take such forms as are aimed at disguising their true nature.

It is with grave concern that we witness the deteriorating world economy, the consequences of which weigh heavily upon the developing countries, for the capitalist countries transfer their problems on to the latter group of countries.

The restructuring referred to by the industrialized capitalist countries means nothing more than cosmetic modifications, as we so far have been able to witness, with a view to alleviating the crisis in their own economies, without making any significant contribution to the development of developing countries. Therefore no radical changes to the present world economic system are envisaged.

Protectionism constitutes a brake to the industrial development of developing countries, and it is a measure that is against the objectives of the Lima Declaration and Programme of Action. It is therefore imperative that protectionism be abandoned.

If the developed capitalist countries are really serious about their contribution to the modification of the world economy, they should abandon existing sectoral agreements which limit trade and should instead seek solutions to the different problems in concert with developing countries as well as truly competent international organizations.

As regards institutional problems, it is imperative that the principles governing international relations in trade, technology, money and finance as practised today should be radically changed in order that these rules cease to be instruments of domination of developing countries.

As long as inflation, recession and protectionism exist in the developed capitalist countries, developing countries will be unable to organize the proper planning of their economies. It is therefore necessary to set up an institution capable of assisting developing countries with deficit problems that have their origin outside those countries.

Disarmament is welcome not only because we all desire peace but also because the astronomical sums spent each year on armaments could more usefully be utilized to resolve development problems, especially in the developing countries.

Equally, this Conference should seek ways and means of forcing imperialist countries to cease and desist their aggressions, be they overt or covert, against developing countries, not only because they constitute violations of the most elementary international rules but also because they divert important financial resources from the latter group of countries.

As far as commodities are concerned, the unity prevailing within the group of developing countries and their strong determination and commitment to the establishment of a just economic order brought about the decision adopted at the Fourth Ministerial Conference of the Group of 77, which fixed the amount of \$1 million as a minimum contribution per country to the Common Fund, a pivot of the Integrated Programme for Commodities.

The People's Republic of Mozambique is of the opinion that the transfer of technology should be effected through a legally binding code of conduct. On the other hand, UNCTAD should continue developing its activities in this field, including technical assistance to developing countries, setting up more technology centres, where appropriate, with the assistance of both developed countries and international organizations, so

that these centres may fulfil the objectives for which they were created.

The reverse transfer of technology should be the object of careful study by UNCTAD in collaboration with specialized agencies, with a view to preventing the flow of technical personnel and other specialized workers—whose training costs substantial needed and scarce financial resources—from developing to developing countries.

We of the developing world are tired of providing cargo for others to carry and reap the profits. It is time that this monopoly in sea transport is broken and developing countries are given their right share in transporting their own cargo. We urge the developed capitalist countries to take the necessary steps in righting wrong through, among other things, adhering to the Convention on the Code of Conduct for Liner Conferences.

The People's Republic of Mozambique pays particular attention to ECDC as a prerequisite for collective self-reliance. We consider collective self reliance as a corner-stone for structural changes that will lead to a balanced world development. We are making every effort to mobilize our resources with a view to co-operating regionally with other developing countries in order to take advantage of the complementarity for our economies, and the technical and technological means available in these countries. In this context, the Mexico Programme and the Colombo Programme of Action represent a good beginning.

Some countries have tried in the past and are still trying to divert us from our final goal—the establishment of the new international economic order—by arranging meetings and conferences outside the umbrella of the United Nations. We consider that all negotiations for the establishment of the new international economic order must be held in the framework of United Nations, as this is the most universal organization. UNCTAD should be the major instrument for the formulation and promotion of principles related to international trade and development.

Manila was the birthplace of the Manila Declaration and Programme of Action presented at the fourth session of the Conference, at Nairobi, in 1976. Today we are again in Manila discussing the same problems and using the Arusha Programme for Collective Self Reliance and Framework for Negotiations. As the name indicates, we of the developing countries set out in this document our views on the various items to be discussed by the fifth session of the Conference.

Last but not least, let me, Mr. President, congratulate you on your unanimous election to the important post you are holding and on the magnificent manner in which you have so far conducted this Conference. We are sure that under your guidance we shall end this Conference in success.

I would like to take this opportunity to congratulate all the members of the Bureau of this Conference. We would like to express our appreciation to the Secretary-General of UNCTAD for the good work being done by him for a better world to live in and to the anonymous



women and men of the UNCTAD secretariat who, day and night, before, during and after the fifth session of the Conference, work untiringly for the success of our ideals. The press also deserves a word of thanks for informing the world correctly and for spreading our anxieties, ideals and hope. The friendship and hospitality of the Philippine Government and people cannot be described by words. They are second to none. The President of the Philippine Republic, Mr. Ferdinand Mar-

cos, and the First Lady, Mrs. Imelda Marcos, have always shown a keen interest in the work of UNCTAD. In 1976, the fourth session of the Conference had the good luck of counting upon their helping hands and experience. We thank you all for your indulgence and attention. To the President of the Philippines and to the First Lady, Mrs. Marcos, we say "*maraming salamat*".

*A luta continua.*

**Statement made at the 158th plenary meeting, on 14 May 1979,  
by Mr. Shree Bhadra Sharma, Minister for Industry and Commerce of Nepal**

Mr. President, on behalf of the Nepalese delegation and of myself, I would like to extend our warm felicitations to you on your election to the presidency of this session. Your unanimous election is an acknowledgement of your outstanding credentials and of your contribution to international co-operation. My delegation is fully confident that, under your able leadership and guidance, we shall be able to take meaningful steps towards the successful accomplishment of our tasks.

My delegation would like to express its deep appreciation and gratitude to Mr. Ferdinand E. Marcos, President of the Philippines, for his inspiring inaugural address, which, I believe, has touched upon the essence of those outstanding world developmental issues which are being taken up for deliberation in this prestigious forum. At the same time my delegation would like to express its sincere thanks to the First Lady, Mrs. Imelda Romualdez Marcos, for her inspiring welcome address.

May I also extend our grateful thanks to the Government and the people of the Philippines for their hospitality and attention to ensuring the success of the deliberations of the fifth session of the United Nations Conference on Trade and Development. I would also like to express our deep appreciation to the Secretary-General of UNCTAD, Mr. Gamani Corea, and to the UNCTAD secretariat, for the excellent arrangements made for the smooth working of the session.

Three years after the fourth session, we have again assembled here all the developed, developing, landlocked and least developed countries, not, we hope, to engage in endless debate and polemics, but fully determined to achieve concrete and specific results on the various matters concerning world trade and development so crucial to all of us, individually and collectively.

While the world economy in general is still plagued by high inflation, increasing costs, unemployment and all those associated economic evils, these problems have made the situation especially difficult for the developing countries, particularly for the least developed among them. If the developing countries have demonstrated sizeable aspirations today and shown a determination to forge ahead economically, these aspirations have been rather frustrated, as every effort of those developing countries appears to be rendered ineffective by economic difficulties beyond their control. To many developing countries, even modest economic growth has

remained very much beyond their reach. Income disparities have further widened as a result of poor economic growth, and the situation has grown still worse for countries which remain geographically disadvantaged.

We are now almost at the end of the Second United Nations Development Decade. However, by comparison with the targets for that Decade, our achievements in the economic sphere are far from satisfactory. The targets and objectives of the Second Development Decade, which were set in a bid to assist the developing countries in their efforts to change the structure of their economies and to make some progress towards reaching higher levels of income and productivity, have, I am afraid, remained largely unattained. This would imply that particular attention still remains to be given to the difficulties of achieving such structural economic changes in both the least developed countries and other developing States. The persistent inability of many of these countries to adapt the pattern of their production to the changing needs of world markets reflects largely the inadequacy of the help so far accorded by the international community to accelerate the structural changes which these developing countries must make if they are to take full advantage of the opportunities for growth that may exist. It is indeed ironical that, despite the universal expressions of concern at the deteriorating condition of poor countries, the number of hard-core least developed countries, rather than decreasing, has been growing over the years. This calls for nothing less than further improvement and effective implementation of special measures in support of the least developed among the developing countries.

Of the several issues that should logically figure for discussion and negotiation at this prestigious gathering, I should like to refer to a few here. An integrated programme for commodities has been an ongoing issue for the developing countries, and in its regard the priority should still be the stabilization of commodity prices. Although some progress has been made in the establishment of a Common Fund, much still remains to be done to make that Fund operational as a key arm of the Integrated Programme for Commodities.

In the bid to expand and diversify the export trade of developing countries into manufactures and semi-manufactures, sustained efforts still have to be made.

While in recent years the developing countries have been able to build up the export of their manufactures and semi-manufactures, some of them very successfully, they are increasingly being made to suffer because of the protectionist policy pursued by many of the developed countries. The erection of tariff and non-tariff barriers by these countries is frequent and has the effect of discouraging exports of manufactures from developing countries. My delegation is of the view that a critical review of the situation should be made and that measures should be initiated to counteract protectionist trends. Similarly, the economic condition and performance of the least developed among the developing countries have on the whole remained unaltered, despite many resolutions adopted at numerous international and regional forums especially in favour of the least developed countries. It may be noted that the overall GNP growth rate of the least developed countries has failed to achieve even 1 per cent. In this context, the proposed three-year UNCTAD-sponsored programme of assistance to the least developed countries to be launched in 1979-1981 is laudable indeed.

UNCTAD has always been in the forefront of issues relating to special measures on behalf of the least developed countries. We would like to request the Secretary-General of UNCTAD to undertake special responsibility for detailed preparation of a crash programme for 1979-1981 and of the new programme of action for the 1980s in favour of the least developed countries, and would also like to urge that those programmes be well co-ordinated and effectively implemented.

My delegation would like to extend its appreciation to the UNCTAD secretariat for having initiated certain studies aimed at serving the needs of the land-locked countries. The transit cost studies that the secretariat has initiated in different transit corridors with a view to bettering the transit situation of the land-locked countries should be continued and intensified. Substantial growth in exports will not be feasible until a satisfactory solution is found to the transit transport problems of land-locked countries.

With a view to improving the worsening trade imbalance, my delegation would like to reaffirm the need for free access to and from the sea for all land-locked countries as an essential ingredient for the promotion of trade and economic prosperity in the region and beyond.

There is now wide recognition in the world community of the need for co-operation for the development of a new international economic order. However, the progress so far achieved in this direction is far from satisfactory. The developed countries' inability to arrest the chronic imbalance in their traditional payments and the prevailing high levels of unemployment and inflation are but a few of those unwanted developments that stand in the way of the achievement of the new international economic order. The Second United Nations Development Decade has been far from effective in resolving many of those major economic ills, although there has been a measure of progress in some areas. This

indicates only too well that there has to be a reorientation in the strategy for the Third United Nations Development Decade.

The persistent crises in the international economic order have had a negative impact on the terms of trade of developing countries in general, and the situation of the least developed of the developing countries has been especially worsened. They are nowhere near the target of 3.5 per cent growth in *per capita* income in the Second United Nations Development Decade. It is therefore all the more urgent to ensure the further improvement and implementation of the special measures for these countries outlined in various resolutions.

At the Ministerial Meeting of the Group of 77, held in the United Republic of Tanzania last February, the Nepalese delegation has the occasion to propose a United Nations conference on least developed countries to formulate a substantial action programme for these countries for the 1980s. My delegation would like to reiterate once more the urgency of convening such a conference. Because of some inherent difficulties being encountered by the least developed countries, their problems deserve to be treated with special urgency.

While the attention of the world community would now logically go to the formulation of a strategy for the Third United Nations Development Decade, my delegation would like to emphasize the need to treat the special case of the least developed land-locked countries as an integral part of the Third Development Decade.

Like many developing countries, Nepal, under the able and sagacious leadership of His Majesty King Birendra, is initiating development works within our own political framework that will provide an effective and appropriate institutional network at the grassroots level. This process of planning based on the grassroots, which in our case is planning through the "panchayats", will have the desired effect of responding to the basic needs of the people and improving the living standards of the population of the rural areas. In our forthcoming sixth plan, we are trying to make the people at the local level responsible for sorting out their own problems; this, we consider, is the most democratic and effective way of eliminating their difficulties. We have launched an integrated programme of rural development, and we consider this as being the right strategy for meeting the basic needs of the masses of the population in the country. Industrial development on trade expansion will be an integral link in this programme. To achieve this goal, we need the co-operation of various United Nations agencies and we also seek a new approach from the developed countries.

At this fifth session, the Conference has before it the Arusha Programme of Action for Collective Self-Reliance and Framework for Negotiations adopted by the developing countries, which should guide us through the forthcoming deliberations. My delegation hopes that the Conference will lay down basic and effective guidelines to ensure international co-operation in the 1980s and the establishment of a new international economic order.

**Statement made at the 148th plenary meeting, on 8 May 1979,  
by Mr. Gijs M. V. van Aardenne, Minister for Economic Affairs of the Netherlands**

Mr. President, on behalf of the delegation of the Kingdom of the Netherlands I extend to you my warm congratulations on your election. We believe that your election to this high office reflects the important role your country plays in matters of international economic relations and development. I wish to commend you and the other distinguished representatives of your country on that. I especially thank the President of the Republic of the Philippines and Mrs. Marcos, the head of the Philippines delegation, for their warm words of welcome and for the hospitality which delegates will enjoy in the weeks to come. I also wish to thank our Secretary-General, Mr. Gamani Corea, and his staff for their extensive preparatory work, which undoubtedly will contribute to the successful outcome of this Conference.

The fifth session of the United Nations Conference on Trade and Development is taking place at a most important moment in the process of international economic co-operation. We are now in the final year of the Second United Nations Development Decade, which has seen drastic changes in both the development outlook and its international economic and political setting. Already we are preparing ourselves for the 1980s. In New York, discussions on a new development strategy for that next decade are well under way. The fifth session of the Conference will therefore deal with issues that have come up in the present decade, but at the same time we have to come to grips with the issues of tomorrow.

Generally speaking, I believe that this Conference is well placed, firstly, to review what we have left unfinished in the 1970s, secondly, to identify what will be the main issues of the 1980s and, finally, to formulate a balanced programme for the future work of this distinguished organization.

Allow me to review briefly the main aspects of our work in the field of trade and development so far. It cannot be denied that relations between developing and developed countries have evolved in the 1970s. Primarily this reflects changes taking place in the third world itself. A number of developing countries have experienced strong economic growth, with industrialization as a major contributing factor, this process having resulted in a major change in the position of all developing countries vis-à-vis the international economic system: economic progress has been translated into increasing participation in the international exchange of goods and services; many developing countries have become increasingly dependent on foreign capital, and technology and management methods have become indispensable elements for transformation. Access to markets is of special importance if one considers the link between exports and economic growth. As in effect their stake in the international system has increased, their dependence on the functioning of the system has grown accordingly. That the developing countries have consequently become active participants in this system and strive to make the system more responsive to their

particular needs and interests is therefore a normal and healthy development. The second area of change affecting relations between developing and developed countries is related to the weaknesses of the international economic system. There is no need for me to dwell on what has happened in regard to inflation, instability of exchange rates, unstable commodity prices, the prolonged recession and the uncertainties about the international energy situation; all this is well known and has been amply commented upon.

I believe that these two major changes in economic structure and outlook are at the root of the period of intense activity and negotiations we have gone through since the mid-1970s. Many of us recall the intensity of the debates during the sixth and seventh special sessions of the General Assembly, where we formulated and adopted the elements of a new international economic order. Countries participating in the Conference on International Economic Co-operation have been engaged in highly complex and wide-ranging negotiations.

The fourth session of the Conference, at Nairobi, itself a major event, kicked off several important follow-up negotiations; I single out those under the Integrated Programme for Commodities, on the code of conduct on the transfer of technology and the ministerial meeting of the Board on debt. I believe that it is relevant also to mention in this context the negotiations and efforts under the aegis of other organizations, in particular the multilateral trade negotiations and the work of the Bretton Woods institutions.

It is well known to this high gathering that the Netherlands has taken and still takes a strong interest in the negotiations I have just mentioned. We believe that they are indispensable steps in the ongoing dialogue between developing and developed countries.

We have participated in these negotiations convinced of the urgency and global priority of the problems discussed. As a member of EEC, we have pursued our goals together with our EEC partners, conscious of the vital role of the Community in international economic relations.

I welcome the speech of Mr. Monory on behalf of the Community.

This being said, I venture to suggest that the overall result of our efforts in the past five years can be labelled as "moderately successful".

In the field of international trade in manufactures, visible events in the past few years have been dominated by the multilateral trade negotiations. I believe this Conference provides a welcome opportunity to discuss the agreement that recently has been reached and to evaluate its contents in the light of future trade relations between developed and developing countries. During that review, my delegation will be the first to admit that the Tokyo Round now concluded would not score high in a beauty contest of international negotiations. But at the same time it is my firm opinion that the interna-

tional community has gained much by the fact that these negotiations have been concluded and that it has been possible to take further steps towards the liberalization of trade. We must keep in mind that the negotiations have shown us only the tip of the iceberg of real change already taking place in the international pattern of production and trade. The world today is going through a process of industrial restructuring and adjustment at an unprecedented pace. I believe that this Conference provides us with an excellent opportunity to review these developments in the light of the specific goals and needs of developing nations.

I also attach much importance to the discussion about protectionism. It is a fact of life that, when economic conditions deteriorate, protectionistic pressures grow; every minister of economic affairs can vouch for that. What I would like to see is that the discussion here at the fifth session of the Conference should provide the international community, Governments and parliaments with additional arguments and ammunition to resist those pressures, in particular in view of the needs of developing countries. I believe that this Conference should firmly underline the overriding importance of maintaining an open international trading system, which over the years has brought my country considerable benefits.

Turning to commodity issues, it is with some emphasis that I wish to note that the Integrated Programme for Commodities, established by Conference resolution 93(IV), has proved itself to be a productive platform for international negotiations on commodities.

From this rostrum I wish to commend all delegates who, through their patience and wisdom, have helped to bring about the agreement on the outline of the Common Fund. We believe this to be a significant step forward. I hope this Conference will establish a firm financial basis for the second window of the Fund, and the Netherlands can be counted on to take its share in its funding. We hope that all countries in a position to contribute will participate in the pledging. In this context, I noted with great appreciation the pledge of the representative of Austria, made this morning.

Although progress in the negotiations on individual commodities is slow, it is my feeling that in the process of consultation and negotiation we have made considerable progress in the conceptual field. I believe that in particular the principle of joint consumer-producer responsibility for market stabilization measures has now become a generally accepted guideline; the provisional agreement on a buffer stock for natural rubber seems to reflect this. The establishment of this generally accepted principle may prove to be a valuable incentive for negotiations on other commodities.

It is with some hesitation that I now turn to monetary and financial issues. It is the view of my Government that in the complex field of international financing of development the record of the past shows some serious deficiencies. This Conference will shortly embark on a discussion of monetary matters relevant to developing countries. I am fully conscious of the adverse effects of monetary unrest and exchange rate instability on both developing and developed countries. I hope the discus-

sion here in Manila will provide additional insight into the importance of today's monetary issues to developing countries, and that this will be taken up expeditiously in the competent forums.

I also believe we should analyse the need to establish a new medium-term balance-of-payments credit facility. It is in the field of development finance that, on behalf of my Government, I wish to express my grave concern about the course of developments in the last few years. Many developing countries have been confronted with two strongly conflicting tendencies in their external financing: rising import bills on the one hand and stagnating aid flows on the other. Data on private flows show us that the growing gap has been filled mainly by private capital, but at the cost of rising debt service ratios which often become impossible to sustain. Can the horse of private flows go on pulling the wagon of development alone? The answer of my Government is, no. We believe that for many countries there are clear limits to their debt servicing capabilities, but at the same time we believe that there are also limits to the extent to which those countries can adjust their economies. Adjustment in this context normally means the slowing-down of development. It means the delay or postponement of the economic and social emancipation of the poor, the hungry and the jobless. I believe that the international community should strike an equitable balance between adjustment to realities by developing nations, on the one hand, and adjustment to justice by developed countries, on the other. The Netherlands, for more than a decade, has taken the position that this balance means a well-defined and sustained effort in respect of development assistance.

We believe that this requires not only acceptance but also implementation of the clear targets for the net transfer of resources. I can assure this Conference that this was and is our firm position now and will remain so in the future.

I now come to the concluding part of my statement. I have already noted that the fifth session of the Conference is well placed not only to address the issues of the 1970s that are still unresolved but should also make an effort to explore the issues that will confront us in the 1980s. I do not hesitate to urge you to devote considerable time to the latter.

I have already mentioned that the 1970s have brought to light some critical changes in the international economy. I believe that it will be in the 1980s that the full effect of those changes will make itself felt. I think the essence of the issues is reflected in the following questions, to which, I hope, we shall be able to find a common approach towards solutions:

1. What will be the effect of structurally lower economic growth on economic relations between nations in general and on developing countries in particular?

2. If we foresee an acceleration of the economic adjustment process—and I believe this will also be the case for technological reasons—how do we strike a balance between (a) optimizing productivity, (b) maintaining the general level of national employment and (c) establishing a rational international division of labour.

3. How do we cope with the grave uncertainties in the field of energy, both in the short and in the long run?

4. How do we generate sufficient development assistance to sustain development and to prevent individual nations from collapsing under debt problems which in turn would have grave effects on international trade and economic co-operation in general?

Although these questions cover in part issues already under consideration in various forums, it is to the weight of their implications, their complexity and to their inter-relationship—in short, their interdependence—that I attach special importance. Let us be frank with each other: the 1980s will not be a simple extension of the 1970s. Neither the issues nor the general economic

and political context will be the same. I think this Conference is in a good position to make a serious effort in exploring those issues. We have on our agenda item 8, the so-called interdependence item. I suggest that we use its open-endedness to make a serious review of issues that we shall have to face in the next decade. If we succeed in sharpening our perspective of the future, we can contribute significantly to the work of the organization.

UNCTAD in the past has proved itself to be an important instrument in the field of trade and development. We want to sustain and to advance its role. I hope therefore that the fifth session of the Conference will contribute to charting our long and complex path in the 1980s.

**Statement made at the 149th plenary meeting, on 9 May 1979,  
by Mr. H. C. Templeton, Minister of Customs and Deputy Minister of Finance of New Zealand**

Mr. President, may I congratulate you on your election to the high office of President of the fifth session of the United Nations Conference on Trade and Development. We are honoured that the Foreign Minister of the Philippines should preside over our deliberations. His reputation as a founding father of the United Nations, and his skills in diplomacy and politics, are legendary. His interest in the progress of mankind is as well known, as he demonstrated in his challenging keynote opening address. May I, through you, extend to the Government and people of the Philippines the warm appreciation of the New Zealand delegation for your hospitality in acting as host for this important session of the Conference.

We see it as a significant event, this meeting in the Philippines—one of the most influential as well as dynamic countries in South-East Asia. We see it as significant, too, that the Conference is meeting for the first time in a member State of ASEAN, a regional grouping which is growing in strength and influence.

New Zealand's traditional ties with all ASEAN countries and its links with the grouping as a whole are close and friendly. Right now my Government is looking actively at ways to broaden and deepen the overall New Zealand-ASEAN relationship. Might I suggest that the demonstrated success of ASEAN as a stabilizing and cohesive regional entity is an example of co-operation for this wider and vitally important assembly to follow. May I also join with others in welcoming all new members to our task, and in particular our friend from the South Pacific, Tonga.

We are gathered here today to carry forward one of the grand themes of the United Nations Charter, that of social and economic progress. We are taking part in one of the most important debates of our time, that on the new international economic order. Our strategies must centre on providing better and broader roads for economic growth and development and more effective machinery for human betterment. Economic growth is a means, and not simply an end in itself. Our task is to ensure that the fruits of world economic growth nourish the whole of mankind.

There is now a degree of urgency in our debate because of the state of the world economy. The 1970s have seen a change from the steady economic growth known since the Second World War. We have seen the world economy falter. We have seen the impetus of the Second United Nations Development Decade fall away. And we have seen the whole effort to close the poverty gap seriously affected. It is only the under-utilization or misuse of human and material resources that must concern us. It is the need to lift the uncertainty and doubt that have taken the edge off the international drive for more rapid development and for more liberal trade.

Overall, we know that world trade is growing—at some 5 per cent per annum—at rates well below historic averages. Difficulties have arisen in a number of important sectors: in agricultural products, textiles, shoes, steel, shipbuilding and electronics, to name a few. There is a continued danger of further protectionism.

The effect of this trend is distressing and oppressingly familiar to New Zealand. We therefore share a strong identity of interest with all who wish to see a world trade system fairly and justly recognizing comparative advantage and the right to compete openly in the marketplace.

We must here register our disappointment at the outcome of the Tokyo Round of multilateral trade negotiations. Certainly we welcome the new multilateral agreements covering dairy products and meat. The new GATT codes and rules covering subsidies and countervailing duties, customs valuation, technical barriers to trade and the administration of import licensing can also contribute to a better framework for international trade. But when we look back at the mandate of the Tokyo Round, which was to secure growth in world trade, the further liberalization of trade in agriculture and help with the trade problems of developing countries, we can only re-emphasize our disappointment with the results.

At a time when my country was looking to export-led growth to restore its economic fortunes, the Tokyo Round leaves us in New Zealand with the abiding impression that the forces of agricultural protectionism in

the major industrialized markets have not abated. There are indeed many in New Zealand who argue that for us the outcome, after five years of negotiation, has been minimal in terms of trade expansion. This may be a stern judgement. But it is a sentiment that underlines the frustrations we have experienced in our negotiations to secure a measure of growth for our traditional exports. We can only deplore the fact that two sets of rules have been applied in world trade: one for industrial goods and one for agricultural products. We therefore look to some alleviation to the barriers to trade which are imposed by Governments and not by the market-place. We look also for some mitigation of policies which subsidize inefficient production and produce subsidized surpluses which cut across the efforts of efficient producers to diversify markets. We must point to the severe impact of such policies and the need to work in the period ahead to remove the double standards so frequently applied to trade. While we consider GATT the most appropriate forum for dealing with trade issues, its future, in the era subsequent to the multilateral trade negotiations, will depend largely on its capacity to accommodate the aspirations of all countries and to take proper account of changes in the world around us. GATT, as the key international institution in the trade expansion and liberalization area, must demonstrate its capacity to tackle these problems on a truly global and interdependent basis.

One area of special importance in seeking growth and enhanced living standards is that of commodity trade. New Zealand shares directly the interest of developing countries in primary commodities. We see it as a vital matter that we should develop an improved framework for stable and remunerative international trade in the whole range of primary commodities. Certainly as an efficient producer and exporter of food we share the Secretary-General's concern about the world food situation. We can play our part in the major effort that he called for in meeting world food targets only if we are able to trade on a reasonably fair and stable basis. In this context, I have to say that New Zealand has suffered much from fluctuating export incomes and adverse terms of trade.

The New Zealand Government is encouraged by the agreement reached in Geneva recently on the fundamental elements of the Common Fund. Its realization represents a positive step forward by the international community. Like our Netherlands friends, we now look forward to the formulation of articles of agreement of the Common Fund so that it may become an operational entity.

In seeking greater equity among nations, New Zealand has long accepted the importance of the transfer of resources and is now placing greater emphasis, as a linked problem, on the transfer of technology. Anyone involved knows the difficulties and the degree of sophistication and sensitivity required. But the concept has attained what we might call critical mass momentum. New Zealand's role may be small in this great historic task, but we like to think it has significance. We are one of the few donor countries to extend our total ODA wholly in grant form. Our ODA in 1978/79 amounted to 0.34 per cent of the GNP—somewhat higher than the DAC average

—despite our very serious economic difficulties which, in the last five years, have led to a significant fall in our own living standards.

My Government continues to accept the international aid target of 1 per cent of GNP for total resource transfers. We also accept the 0.7 per cent element in respect of ODA. But our capacity to achieve these targets is dependent directly on our own prospects for economic expansion.

In the area of technology, New Zealand's position is not unlike that of many developing countries: we are still a net importer. But we do have special expertise in fields such as agriculture, forestry engineering services and energy, which we are ready to share. If I may, I would point to two interesting examples of this: to the co-operative development by Filipinos and New Zealanders of the substantial geothermal energy potential on Leyte, the island home of the First Lady of the Philippines, and to the Mayon Ceramic Corporation, which I visited yesterday, where New Zealand technology and superb Filipino skills are combined in the production of fine export tableware for world markets.

New Zealand believes the debt problem to be of great importance to developing countries. We have responded decisively to the resolution of the Trade and Development Board on the question by cancelling all outstanding ODA loans. These loans for development purposes had been made to our South Pacific neighbours. Our action was therefore inspired in part by New Zealand's commitment to the economic progress and welfare of the island States of the South Pacific region. We fully support regional economic and functional co-operation in such areas of fundamental importance to these small island economies as shipping, communication and fisheries. We are now also engaged in exploring the scope for increased co-operation in the field of trade. We therefore fully support special action at the international level to identify measures needed to accelerate the development of all small island countries. Their special problems and needs must be adequately recognized in the formulation of the new international development strategy.

We bring to this debate a wide variety of economic philosophies, interests and experience. Let us draw on these to our common advantage. None of us has a monopoly of wisdom. It is an established fact that the world economic order is changing, and will change and evolve further. The spectacular rates of growth of many of the South-East Asian/Pacific basin countries, for example, are telling proof of this. While there is much more to be done, we can take some hope from what is already happening to change the world economic scene and raise living standards among developing countries.

The task of this Conference is to create the climate for an acceleration of economic growth. This must be a common commitment. Our efforts must centre on the process as well as on the spirit of co-operation. We cannot afford sterile confrontation or one-sided demands in an interdependent world. Such a call for co-operation is soundly based because it is clear that artificial geographic or other divisions—or the numbers



game—will never coincide precisely with economic realities. My country does not fit readily into any geographical or economic category. Our capacity to play our part in development co-operation and human advancement is as much affected by the policies and progress of the developing countries as it is by slow industrial country growth, by continued inflation and escalating import prices, or by the denial of reasonable market expansion for our mainstay exports.

Clearly we must all co-operate in the search for solutions to the massive range of problems on our agenda. The task may seem difficult and daunting. But of all the

imperatives we face, these problems are the most pressing for all people.

We look here at the fifth session of the Conference to a merging of the separate paths into a broader and smoother highway of trade expansion and faster development. Trade and development are the great engines of economic and social progress and the more even sharing of wealth in a more prosperous world. Let us then resolve to make the progress for which President Marcos has called.

New Zealand's pledge is to play a constructive part in all the endeavours of this Conference.

**Statement made at the 163rd plenary meeting, on 17 May 1979,  
by Mr. Lambert Messan, Ambassador of Niger to Brussels**

It is a great pleasure and a particular honour for the Republic of Niger to participate in the work of this fifth session of the United Nations Conference on Trade and Development. We are meeting today for the fifth time to take stock of the world economic situation and to define essential principles and appropriate measures for mutually beneficial international co-operation in the light of past experience and present problems. It is no accident that the name of Manila has now joined the already celebrated names of Geneva, New Delhi, Santiago (Chile) and Nairobi.

Indeed, it is no more than justice. It is also a formal recognition of the growing and distinguished role of the Philippines in world affairs. May I, Mr. President, before continuing, congratulate you warmly on your unanimous election. We also congratulate the other officers of the Conference and express our appreciation to Mr. Gamani Corea and the secretariat of UNCTAD for their vital and tireless efforts in preparing the Conference. May I also take this opportunity of expressing to President Ferdinand Marcos, to Mrs. Marcos, Governor of Metro Manila, whose words of welcome touched us deeply, and to the Government and people of the Philippines, our gratitude for the warm welcome and generous hospitality which we have received since our arrival in this beautiful city of Manila.

The fifth session of the Conference is taking place on the eve of the renewal of the Lomé Convention, of the United Nations Conference on Science and Technology for Development and of the Third United Nations Development Decade.

It may be useful to recall the circumstances in which the fourth session of the Conference took place and to give my delegation's views on the outcome of the important resolutions adopted at that session.

The fourth session was convened at a time when the North-South dialogue had reached its cruising speed, following the sixth and seventh special sessions of the United Nations General Assembly, which had recognized and confirmed the emergence of the economic personality of the peoples and States of the developing world on the international scene.

There can be no doubt that the Declaration and Programme of Action on the Establishment of a New International Economic Order and the Charter of Economic Rights and Duties of States, adopted at those special sessions, constitute one of the most valuable achievements of the developing world—a considerable gain that must be preserved.

Pursuing the prospects opened by the two special sessions, the fourth session of the Conference was not only an important stage and a landmark in the long struggle of the developing world for a more just and more balanced economic order; it also laid down, in the form of resolutions, directions, policies and measures for meeting the serious economic problems of our time.

Today we must see how far these resolutions have been implemented and we must reaffirm our hope and determination to establish economic relations on a basis of equality, non-interference and mutual benefit.

The Paris Conference on International Economic Co-operation, despite a number of measures such as the \$1 billion Special Action Programme, ended with fundamental disagreement on the main problems discussed—problems which I do not propose to dwell on here.

The negotiations on international commodity agreements under the Integrated Programme for Commodities—the great innovation of the fourth session of the Conference—as well as on the Common Fund, have met with delays and postponements, if not wilful failure.

As for the Common Fund, although an agreement was concluded recently on its fundamental elements, it is still far short of the idea and scope originally envisaged.

The decision taken at the ministerial meeting of the Trade and Development Board, in March 1978, on cancellation of the indebtedness of the least developed countries, was a political act which should be put into effect. In this connection, we wish to express our satisfaction at the implementation of this decision by certain developed countries.

The United Nations Conference on an International Code of Conduct on the Transfer of Technology has reached deadlock. We are particularly concerned at this because the transfer of technology is a decisive factor in the development of our countries.

Regarding special measures in favour of the least developed among the developing countries, particularly an increase in ODA, our delegation is disappointed at the limited contributions from countries members of DAC, which reached only half the target for the Decade of 0.7 per cent of GNP.

It is obvious that, although progress has been made in some sectors, results as a whole so far have not met the hopes raised by the generous ideas of the fourth session of the Conference.

No one will be surprised that the agenda for the present session consists of all the items dealt with at the last session.

Discussion of the agenda is all the more difficult because it comes at a time when the developed world is in a state of crisis, the main symptoms being unemployment and inflation, and the crisis is having grave effects on the economies of the developing countries, particularly the least developed countries.

I should like now to comment on certain items of the agenda and to indicate the principles which, in my delegation's view, should guide our discussions. First of all, may I remind you that the plan set forth in the Arusha Programme for Collective Self-Reliance and Framework for Negotiations—which my delegation fully supports—offers us a reasonable basis for discussion.

With regard to commodities, the negotiations on international commodity agreements must be speeded up in order to help in the establishment of the future Common Fund, and discussion must continue on the matters still outstanding in connection with the Fund.

Regarding international trade in manufactures and semi-manufactures, my delegation would like to stress the need for greater participation by the developing countries. Such participation necessarily implies unequivocal and active co-operation by the developed countries in the efforts which the third world countries have been making for some years. It is therefore essential to develop, at the international level, a comprehensive strategy for increasing and diversifying the production of manufactures and semi-manufactures in the developing countries, through provision of international financial facilities to back the creation and development of national enterprises.

In our opinion, restructuring industrial production and world trade, re-orientation of the activities of the transnational corporations and a preferential policy of access to the markets of the developed countries are prerequisites for the achievement of a substantial increase in the developing countries' share of international trade and the attainment of the target of 30 per cent of total world trade in manufactures by the year 2000.

The developing countries' efforts in production and marketing would be in vain if the developed countries

maintained and intensified their protectionist policy in international trade.

Trade restrictions have unfortunately increased in recent years and have been directed mainly against the manufactures, semi-manufactures and agricultural products of the developing countries.

This attitude is clearly contrary to the undertaking of the developed countries at the fourth session of the Conference to maintain the standstill on trade restrictions. We are therefore deeply concerned at the possible increase in the number of sectors affected by restrictive measures which would seriously undermine our development programmes.

The developed countries must undertake to abolish in the near future all restrictive measures on exports from the developing countries, to adhere to the standstill under Conference resolution 96 (IV) and to forgo the application of all safeguard clauses vis-à-vis the least developed countries.

Our development calls for the building of an adequate industrial structure, and for this a technological contribution from the developed world will obviously be needed. The first requirement for this transfer of technology from the developed countries to our countries is political will on the part of the developed world and the establishment of new international juridical rules on patents, licences and trademarks, which will facilitate and promote the effective transfer of technology. Such transfer means that the transnational corporations which have major technological resources should be invited and encouraged by fiscal measures taken in their countries of origin to contribute to the collective effort.

As you are aware, the acquisition of imported technology calls for large amounts of foreign exchange, which the least developed countries cannot obtain. Consideration must therefore be given at the international level to financial facilities and arrangements for the transfer of technology for the benefit of those groups of countries. In this connection the Conference on an International Code of Conduct on the Transfer of Technology should resume its work and the developed countries should demonstrate the political will to achieve conclusions satisfactory to the parties concerned.

Economic co-operation among developing countries is an essential factor in the restructuring of the world economy. The developing countries must make intensive efforts to promote trade among themselves, in accordance with the Mexico City Declaration and Programme of Action. While they must rely on their own efforts, this does not mean that their efforts alone will suffice. In our opinion, it is these very efforts by the developing countries towards collective self-sufficiency which will encourage the international community to make its contribution.

With regard to co-operation between countries with differing economic and social systems, we would like to see trade between these groups of countries intensified.

There is another problem to which the international community must give special priority: I refer to the case

of the least developed, the land-locked and the island countries. The situation of these countries is a matter of particular concern, for they are suffering the full effect of the economic crisis which is wiping out their development plans and efforts.

To bring home the full gravity of the situation of the least developed countries, we would refer you to the August 1978 report on the second session of the Intergovernmental Group on the Least Developed Countries. That report shows that the *per capita* rate of growth of the GNP of these countries did not exceed 0.4 per cent a year in the period 1970-1976, a figure below even the modest result of 0.9 per cent a year in the 1960s and that falls far short of the minimum growth rate target of 3.5 per cent by the end of the Second United Nations Development Decade. The indices for agricultural production, production of manufactured goods, purchasing power, exports and volume of imports are disappointing. Projections up to 1990 made by the UNCTAD secretariat on the basis of a number of optimistic assumptions regarding the growth of domestic savings and the productivity of new investments show that the current flow of aid towards the least developed countries must be at least doubled in order to achieve the target of 3.5 per cent, jointly agreed to be the minimum increase for GDP in the International Development Strategy.

If the social needs and the growing infrastructural needs of the least developed countries were taken into account, the total aid requirement would be even greater. This very serious situation, where the basic human needs—"food, drink and clothing"—are not assured, is a threat to the safety of the populations of the least developed countries and creates dangerous conditions which imperil their economic and social systems.

As the Head of State of Niger, President Seyni Kountche, has observed: "there can be no development without security: security of goods and persons, security of food."

The struggle being waged by the least developed countries is therefore not only a struggle for the survival of their populations; it is also a struggle for peace and the survival of mankind, for there can be no peace in the world while one part of its population is condemned to perpetual poverty.

The economic needs of the least developed countries are so great and their resources are so limited that it is unreasonable to think that they can deal with them on their own.

It is therefore necessary to carry out a large-scale action or crash programme, on the basis of solidarity, justice and the real interests of all the countries of the world. Resolute political will on the part of developed and other countries will be needed in order to overcome the alleged weak absorption capacity of the least developed countries through a massive injection of

capital into their economies and an equally massive training programme for personnel of all types.

With their rudimentary economies and lack of diversification, the least developed countries cannot choose projects solely on the basis of financial profitability. That criterion must be replaced by a more rewarding concept, namely, the social benefits of projects.

In the interest of the least developed countries, and of course in that of the developed countries and other countries, it is vitally important to draw up such a crash programme, and to adopt special measures in all sectors in favour of the least developed countries. Just as raising the living standards of the people in the developed countries has helped to expand their economies, we believe that developing the least developed countries will create favourable conditions for an intensification of international economic relations and thus increase the prosperity of all countries of the world.

It so happens that most of the least developed countries are land-locked countries. My country, alas, shares this dual privilege of being least developed and also land-locked. In existing circumstances, this geographical situation is a serious handicap to the economic development of countries of this category. The problems inherent in being land-locked, combined with those of underdevelopment, further aggravate the already difficult position of the least developed countries.

These particular problems result essentially from the costs and obstacles encountered by these countries in their import and export trade. Relations with, and particularly dependence on, neighbouring countries may cause constraints and, unless care is taken, produce adverse effects, both political and economic. Hence the need to promote and encourage regional co-operation which will benefit both transit and land-locked States.

Special measures should be adopted in favour of the land-locked countries, both in respect of technical assistance and the financing of transport infrastructures and means of communication and in respect of improved transit conditions, to help these countries to reduce the present very high real costs of transport in their external trade.

My Government has made it a fundamental priority to obtain access to the sea. It therefore places great hopes in the work of the United Nations Conference on the Law of the Sea, welcomes the launching of the Transport and Communications Decade in Africa in the 1980s and invites the international community to contribute to the success of this undertaking.

In conclusion, I should like to wish this Conference every success and to say how important it is for the representatives here present to make every effort to ensure that the international community guarantees "security of goods, security of persons and security of food".

**Statement made at the 155th plenary meeting, on 11 May 1979,  
by Mr. Isaac U. W. Osisiogu, Federal Commissioner for Trade of Nigeria**

It is most appropriate to commence my short statement with an expression of deep gratitude for the gracious hospitality which my delegation has received since arriving at this beautiful city of Manila. The warm words of welcome of the First Lady and Governor of Metro Manila, Mrs. Imelda Marcos, have been reflected in the impeccable arrangements made for our work and our comfort. And all of these, words as well as deeds, have been manifested with such a human touch.

Allow me, Mr. President, to congratulate you on your well-deserved election to preside over our deliberations. We place in you our full confidence and trust that, with your experience, you will guide our work to a successful conclusion by way of concrete results which will constitute a landmark in international economic co-operation.

May I, on behalf of my delegation, express special appreciation through you to President Marcos, whose opening statement, all the more significant because of its spontaneity, set the tone for our present meeting. I firmly believe that if those of us assembled here in Manila for the fifth session of the United Nations Conference on Trade and Development permit ourselves to be guided and inspired by the theme of the statement of President Marcos—the theme of the common humanity of us all—then we can look forward to an outcome of our deliberations which will justify the resources and effort which are being invested in this Conference.

For me it has been a great experience to represent my country at this gathering of world leaders and to listen to them express their concern for the common good. In whatever language we have spoken, be it French, English, Arabic, Russian, Chinese or Spanish, we have demonstrated, without exception, a unity of purpose. The fifth session of the Conference, and indeed the great city of Manila, will go down in history as an important landmark in international economic relations if the goodwill so eloquently expressed from this rostrum is translated into concrete co-operation arrangements between the rich and the poor. In this regard, I have found the exchange of views under the auspices of UNCTAD extremely useful. It is also my view that our efforts within UNCTAD can be supplemented by informal but heart-to-heart discussions between leaders of thought at regional or global levels. The usefulness of this approach has been demonstrated and contributed to the limited success achieved in the Common Fund negotiations. We cannot supplant the United Nations as the principal forum for negotiating improved economic relations between the rich and the poor, but what one must say is that our problems are so urgent that efforts must be made at every opportunity to resolve them. In saying this, I am underlining the proposal by the Deputy Prime Minister of Jamaica that we should make efforts at all levels to talk with, and not talk to, one another.

The potentially dangerous situation created for all countries, developed as well as developing, by the

present economic situation is a theme which has been repeated over and over not only at this Conference but in various other forums. It is now a full five years since, at the initiative of the non-aligned countries, the General Assembly met in a special session devoted to analysing the world economic situation and seeking a solution to the malaise which had by then become obvious. The conclusion drawn at that sixth special session of the General Assembly, as well as at the seventh special session, held the following year, was that there was need for a restructuring of the system of world economic relations, and that a new international economic order should be created that would assure fairness and equity of economic opportunities for all countries, and in particular the rapid development of the developing countries. There has been no dearth of occasions in the last five years to reiterate the urgency of creating a world economic structure in which the development of the South is seen not as an appendage or a fall-out of the development of the North, but as a mutually reinforcing development without which the North cannot expect to escape from its present economic dilemma. The North-South dialogue, which happily has now been recognized as an essential element in the process of world economic development, must move discernibly from the era of rhetoric and vague promises to the era of achievement in concrete terms. So far the result has not been manifest in developing countries.

Take the case of Nigeria, for example. Over the last four years Nigeria has been striving to implement its current development plan, which we see as an indispensable step towards an economic take-off. Unfortunately, our efforts have been thwarted by the high cost of imports, particularly of capital equipment; by the escalating cost of transportation, particularly shipping; by imported inflation over which we have no control; by the persistent deterioration in the terms of trade resulting in the progressive reduction of our export earnings; and, not least, by the practices of transnational corporations. Even though we, as a nation, have strained ourselves to assist, within our limited resources, other developing countries, to demonstrate international solidarity and co-operation among developing countries, ours is essentially a struggling country, with over 80 million to cater for with limited resources. On account of the constantly diminishing resources to finance our economic development programme, we have been forced to borrow from the international capital markets on highly onerous terms. Of course, it must be admitted that very few developing countries have access to international capital markets, and the adverse publicity in the Western media, in addition to high interest rates, has very seriously undermined the efforts of most developing countries to borrow from these markets. The consequence of these handicaps for developing countries is economic stagnation and, for some, real retardation.

The Nigerian experience is common to most developing countries, even if the severity and impact differ from country to country. It therefore behoves us at this session to bring to bear on our deliberations our collective wisdom, our determination and, above all, our common effort to ensure that this Conference takes positive decisions and actions with immediate and long-term benefits to mankind, particularly to the economically most disadvantaged peoples of the third world. It would be unrealistic to expect that we will provide the solutions to all our problems at this session of the Conference; nevertheless, we must ensure that positive results are achieved in certain areas. We, the developing countries, have in all cases submitted concrete proposals and participated effectively to ensure that concrete results were achieved in terms of economic well-being for our peoples. Unfortunately, we have little to show by way of concrete concessions from our developed partners, either in respect of these initiatives or in respect of the decisions which were adopted at the Nairobi Conference.

The fourth session of the Conference, held in Nairobi in May 1976, was a landmark in the development of UNCTAD as a forum for negotiations on specific issues concerned with international trade development. The various resolutions adopted at that session moved us away from the area of generalities to those vital sectors designed to ensure effectively that progress was made on the road to the new international economic order. Several meetings have been held in Geneva and elsewhere in furtherance of the Nairobi decisions, but a review of the results achieved from these meetings cannot but give a feeling of disappointment that all that could have been achieved has not so far materialized.

One of the major initiatives launched in Nairobi was the Integrated Programme for Commodities. This was in realization of the dependence of most developing countries on the export of raw materials. At the core of the Integrated Programme was the decision to establish a Common Fund. My delegation is gratified that, after protracted negotiations during which the whole concept was almost called into question, agreement was reached at the last Common Fund negotiating meeting on the basic elements of the Fund as well as on the modalities for future work. While it is not a completely satisfactory agreement, it is nevertheless an encouraging move and we believe that all efforts should be focused on the work of the Interim Committee of the United Nations Negotiating Conference on a Common Fund, building on the results achieved and making improvements where necessary. The Common Fund cannot stand on its own. The preparatory meetings and negotiations on commodities have proceeded with a lack of direction, and the attitude of the major consumers—the developed countries—has not changed in spite of their commitments at Nairobi. The present Conference must come up with decisions and commitments to ensure that agreements and arrangements are concluded on a wide range of commodities of interest to developing countries.

The code of conduct on the transfer of technology is another issue on which the developed countries have maintained an inflexible position. I believe that our pre-

sent Conference should take a definite decision on the crucial aspects of the code, particularly its scope and legal character, so as to impart impetus to the negotiations at the resumed session of the United Nations Conference on an International Code of Conduct on the Transfer of Technology.

The overhaul of the international framework for economic co-operation must of necessity involve all sectors, so that we achieve not only consistency in measures and policies but also the objectives of restructuring. In the industrial sector, the emphasis must be on the need to increase the share of developing countries in global industrial output in order to achieve the target of 25 per cent which was established at the Second General Conference of UNIDO in Lima; emphasis should also be placed on the need to increase the share of developing countries in the global export of manufactured and semi-manufactured products, and on the measures required to improve the access of these products to markets of developed countries. In this context, my delegation must express its dissatisfaction with the results of the multilateral trade negotiations recently concluded in Geneva under the auspices of GATT. We note that the position of many developing countries and, in particular, the less advanced among them, seems to be worse than at the beginning of the negotiations, since they have lost the tariff concessions which they had been granted as a result of agreement between them and a group of developed countries and no effective measures have been proposed to compensate for this loss. In addition, my delegation fears that the current wave of protectionism will affect not only those developing countries that currently have capacity for the export of industrial goods but also those that have planned their development programmes on the assumption of gaining access to the markets of the developed countries for the sale of part at least of the products of their industries. In the monetary and financial sectors, the emphasis should be on increasing the participation of developing countries in all the decision-making process of IMF and the World Bank. The conditions attached to access to IMF resources must be liberalized in order to increase the liquidity resources for the developing countries. The capital base of all development banks and other international financial institutions must be increased and strengthened to enable them to respond effectively to the development programmes and needs of developing nations.

There are other important issues which are before this Conference, such as agenda item 15, dealing with the situation in the least developed countries, and item 18, dealing with ECDC. Whatever problems beset the developing countries as a group afflict the least developed countries in a particularly severe and crippling way. Since Nairobi, and in spite of some increase in resource transfers to these countries, most of the least developed countries have experienced stagnation, and in some cases they have suffered real economic retardation. What is required is to launch a global programme for the least developed countries with the objective of building up and strengthening infrastructure facilities at the national and subregional levels. Above all, the programme should provide immediate and long-term benefits to them.

With regard to ECDC, we would like to emphasize the role which UNCTAD and the regional commissions as well as the subregional economic groupings can play in promoting the efforts of developing countries to achieve greater collective self-reliance. In this respect, the role of regional and subregional commissions and economic groupings should be strengthened through increased resources to enable them to operate effectively. I am convinced that trade expansion and economic co-operation among developing countries can be a great stimulant for their industrial growth, by expanding the market for their products and their production and consumption capacity to the benefit of all in global terms.

Apart from the decisions which must be taken in respect of ongoing negotiations in UNCTAD, we must also devote attention to the new item on our agenda concerning the need for structural changes, taking into account the interrelationships of problems in the areas of trade, development, money and finance. We would like to pay special tribute here to Mr. Gamani Corea, Secretary-General of UNCTAD, for the illuminating manner in which he introduced this subject and for his untiring efforts in exploring areas for the improvement of trade and development. We also have before us the Arusha Programme for Collective Self-Reliance and Framework for Negotiations, which embodies the position of the Group of 77 on this subject as well as on the other issues before this Conference. This document contains the specific proposals of the Group of 77 on the various agenda items, and we urge our developed partners to adopt a positive posture so that our efforts here further advance international economic co-operation and the development of the third world.

Questions have been asked regarding the priorities of developing countries. My personal response is that our priorities can be assessed only in the context of the

serious difficulties which confront us as developing countries, and which have been presented in this as well as other forums. These priorities are related not only to the present economic situation but also to past approaches to the issues affecting developing countries, as well as to the results of such efforts. These approaches have taken the form of *ad hoc* concessions here and there, or peripheral treatment of these issues, so that the results have invariably made little or no impact. What is required is a comprehensive approach, a restructuring of the whole framework of international economic co-operation within which the issues of developing countries would be taken up seriously, not as an exception to the rule but rather as an integral part of the whole system.

My last remark concerns the magnitude of the work programme, in particular the negotiation of specific issues, which has been entrusted to UNCTAD. The functions and role of this organization have evolved over the years to the extent that, today, UNCTAD is the major forum where specific trade and development issues are being negotiated. If this process is to continue, as it must, considerable flexibility must be introduced by the General Assembly with regard to procedural and resource matters. This would certainly be a major step in improving the effectiveness of UNCTAD in terms of its mandate, its role and its functions.

This Conference is taking place at a time when certain specific negotiations are still in progress. Concrete and positive decisions need to be taken at these negotiations. These decisions must strike at the very root of the economic malaise afflicting the world community, thus opening up a new horizon for the future in terms of the establishment of the new international economic order and improved economic well-being for the developing countries.

**Statement made at the 157th plenary meeting, on 14 May 1979,  
by Mr. Knut Frydenlund, Minister of Foreign Affairs of Norway**

This is the first time that I have had the pleasure of coming to the Philippines and likewise the first time that I have participated in a session of the United Nations Conference on Trade and Development. Both events are equally interesting and stimulating. Let me, through you, Mr. President, convey my greetings and thanks to the President and Government of the Philippines for the outstanding manner in which they are organizing this Conference. As a personal tribute to you, Mr. President, for your unique contribution to the international community, I shall make my intervention brief.

When I arrived at the Manila airport last Saturday, I was asked by a journalist how I, as a representative of an industrialized country, would react to the various charges made by the developing countries.

First of all, I would say that we understand their impatience. This Conference is the fifth in the series since 1964. Even though some important decisions have been taken, the total result can hardly be said to correspond

to the expectations of the developing countries—or to those of many developed nations, for that matter.

Secondly, we understand the worries of the developing countries regarding the pressure for protectionist action. As a small industrialized country with a large foreign trade in relation to our national income, we share the same preoccupation.

Thirdly, we subscribe to the view that there is a contradiction in the present situation: considerable productive capacity is unused in the industrialized part of the world while at the same time there are pressing needs in the developing world, both for capital equipment and for consumer goods.

For these and for other reasons, Norway has supported and supports the concept of a new international economic order. The numerous items on our agenda here in Manila are important elements of the new international economic order. However, they cannot repre-



sent more than preconditions or supplements for the economic growth which is needed.

The most essential factor will continue to be the developing countries' own ability to mobilize their own resources for productive purposes.

We therefore support the basic concept of self-reliance as expressed in the Arusha document. But, as stated by Mr. Patterson, the Foreign Minister of Jamaica, economic co-operation among developing countries should not be a substitute strategy for the new international economic order, but a vital element of it, and I fully agree with him.

Likewise, we support the idea that the transfer of technology to developing countries is a necessary element of their industrialization efforts.

The main theme here in Manila will be structural change. Parallel to the many conferences and meetings concerning the new international economic order, we see today movement towards a changed international division of labour. Certain developing countries find themselves in the midst of an industrialization process. Their chances of success depend largely on the possibilities of access to the markets of the developed countries. It is only to be expected that this increased competition should create certain frictions in exposed industries in developed countries. Here we meet the problem of protectionist pressures on the difficult road towards structural change.

We have probably all been impressed by Mr. McNamara's and Mr. Long's serious warnings against protectionism, which will ultimately mean losses both to poor and to rich countries. Within OECD, we are now striving to forward positive adjustment policies, but one should not underestimate the problems facing the industrialized countries under the present economic circumstances and disequilibrium.

My third observation concerns the general atmosphere at present prevailing in the Western industrialized countries. This Conference takes place at a time when these countries are facing inflation, unemployment and monetary instability. The resulting atmosphere is not always conducive either to the claim for structural changes or to a massive transfer of resources.

On the other hand, our difficult economic situation is leading to rethinking and to a growing recognition in our countries that the current international economic system does not function satisfactorily, that there is a growing interdependence between rich and poor countries, that there is an interrelationship between trade, financial questions and development, and that increased economic growth in the developing countries will also be essential for the industrialized countries.

It is on the basis of this broad concept that I shall present some of the views of the Norwegian Government on the main items on the agenda for this Conference.

We approach this Conference with an open mind on all the items of the agenda. We do so with a willingness to see the interrelationship between them.

As regards the trading system, whatever its specific rules and modalities may be we should adhere to and try

to foster to the greatest extent possible non-discriminatory free trade with built-in advantages for the weaker partners. A strengthening of an open trading system is in itself an important element for structural changes in international economic relationships. It would be impossible for the developing countries to reach their targets both as to industrial production and as to trade in manufactures by the end of this century if the intervening period were one of extensive restrictions on international trade. In our view, therefore, we should consider whether some form of more effective trade pledge to avoid recourse to protectionist measures could be worked out.

However, in an environment of an open trading system there is also a need for the individual countries to institute deliberate policies to favour structural adjustments. Furthermore, there is need for close co-operation between countries in the harmonization of national policies so as to make them consistent with the overall objectives of a new international economic order.

The Norwegian Government regards the Integrated Programme for Commodities as an attempt not to abolish the market forces in the commodity sector but to moderate and supplement them with a view to greater stability and more equity.

From the very start, my Government supported the basic ideas behind the Integrated Programme for Commodities, including a Common Fund. We consider this Programme to be a major attempt by the different nations to manage their growing interdependence in this sector, a sector so vital to all, and not least to developing countries.

It was therefore with particular satisfaction that my Government took note of the positive results reached at the last negotiating conference, amounting in fact to agreement on the fundamental elements of a Common Fund. This basic agreement, which I hope will be rapidly incorporated in formal texts, is probably the most important step we have managed to take so far on the road towards a new international economic order. It is also a welcome confirmation that results can be reached at the negotiating table through patience and perseverance.

As an expression of our commitment to and support for the Common Fund, my Government pledged an amount of \$25 million to the Fund as long ago as at the fourth session of the Conference, in Nairobi. Throughout the negotiations we have confirmed that this pledge stands firm, and I can confirm again now that basic agreement on the main elements of the Fund has been reached. As the structure of the Fund will be somewhat different from the one envisaged in Nairobi, we have decided that the amount exceeding our mandatory contribution to the first window of the Fund should be given as a voluntary contribution to the second window. Thus the major part of our pledge of \$25 million—some \$22 million—will be channelled into the second window. We consider that this is the best way in which we can contribute to a broad attack on the many problems in the commodity field, particularly the problems facing the poorest and least developed countries.

A third point relates to the issue of financial transfers to the developing countries. I am glad to state that Norway has achieved the goal set by the international community. Since last year, the budget for ODA has been calculated on the basis of 1 per cent of our GNP, all in the form of grants and untied aid.

Because all Norwegian ODA is in the form of grants, we have no outstanding ODA credits to cancel.

It is the firm intention of my Government to maintain in real terms this 1 per cent allocation in spite of economic difficulties which have lately hit my own country also.

The importance of ODA is such that one of the first imperatives for the near future must be to try to reverse the present low and stagnating flow of concessional resources. It is my hope that the discussions at this Conference will contribute towards this aim.

We should, however, also consider other possibilities for increasing the level of financial transfers to the developing countries, seeking new methods for generating added resource flows.

In a perhaps somewhat more distant future, there may be entirely new possibilities for revenue sharing, such as are discussed at the United Nations Conference on the Law of the Sea.

As I have already indicated, it is indeed a paradox and a sign of deficiency in the existing international economic order that on the one hand there are important unused capacities and millions of unemployed in the industrialized market-economy countries, while on the other hand there are vast unfulfilled requirements for investments and consumption in developing countries.

This is a situation which clearly calls for co-operative action which could be beneficial to all. It would seem that, in the actual situation, financial transfers and thereby an increase in the purchasing power of developing countries might not only benefit receiving countries but would also lead to increased capacity utilization and a positive stimulus in developed countries.

Discussions have already taken place both within the Committee of the Whole of the General Assembly and in other forums, like OECD, with a view to giving practical and operational form to the basic idea which has been termed "massive transfer of resources". It would seem most appropriate that this Conference should give its full attention to the possibility of evolving a major co-operative programme for increased transfer of resources for the purposes of investment in developing countries.

Before leaving the area of transfer of resources, I would also like to draw special attention to the very serious plight and very urgent needs of the least developed and the other low-income countries. In this connection, my delegation will participate actively in efforts to reach agreement at this Conference on a comprehensive new programme of action for the 1980s for the least developed countries.

I would also like to say just a few words on the transfer of technology. Over the last three years we have made substantial progress in preparing the ground for a

code of conduct on the transfer of technology. The code has been negotiated in a true spirit of compromise. However, positions are still divided on the legal status of the code. It would be fitting for this Conference to take a decision on the final compromise needed for the code to be concluded. In our view, the compromise should provide for a code of voluntary guidelines supplemented by efficient follow-up machinery and a commitment to review the code and its legal status within a stipulated time period.

The international market for technology is dominated by large industrial enterprises, and the code of conduct is drafted with this situation in mind. However, smaller industries and companies may often be in possession of know-how and technology more adequately suited to local needs. We feel that it would be of mutual interest to both developing and industrialized countries to establish some ways of making the technology of small companies more readily available to interested developing countries. In our opinion, we might take the initial step towards the active promotion of such transfer of technology at this Conference.

Finally, I would also like to say a few words about shipping. Shipping constitutes a vital part of the economy of my country. We must consequently have due regard for its continued viability. I trust that this consideration will be understood and accepted by developing countries too.

Norway recognizes that it is a major goal of developing nations to build up their merchant marines and increase their participation in world shipping. The Norwegian Government is determined to continue its assistance in respect of shipping, including the transfer of know-how, technology, training and commercial co-operation.

Norway has long recognized that certain unilateral preference arrangements in favour of the developing nations may be necessary in liner shipping.

We advocated a 40 per cent share for developing countries as long ago as 1974, but had to vote against the Convention on a Code of Conduct for Liner Conferences because preferential treatment was also accorded to highly industrialized countries.

As this latter point has now been taken care of through the compromise formula introduced by EEC, I am able today to announce that the Norwegian Government expects to accede to the Convention, with the intention of applying it fully in relation to developing countries.

In concluding, I should like to make two general comments on this Conference as seen in a broader international context.

The importance of the sessions of the Conference lies first and foremost in the very continuation of the dialogue between rich and poor countries. The precondition for that dialogue to continue, however, is that concrete results are reached. If we fail in these efforts, then conflicts and confrontation will be the result—much to the detriment of the poor as well as of the rich countries.

Secondly, we must see this Conference in the global perspective of organized co-operation. Whether we discuss poverty problems of the world, international energy problems, population growth, questions of war and peace, armament versus disarmament, global resources or pollution, we are faced with the same basic problem, that of a lack of organization on a world basis. The basic problem we are facing today is the great and growing gap between the problems that our nations are facing in common and the institutional machinery at

our disposal for resolving these problems, not to mention the political will.

Our hope for this Conference, therefore, is that it will constitute an important step towards a better organization of the economic interrelationships among nations.

A better organized world does not automatically mean a more secure or a more just world. But it is a necessary pre-condition therefor.

**Statement made at the 160th plenary meeting, on 15 May 1979, by Mr. Hassan Mohammed Fodha, Permanent Representative of Oman to the United Nations Office at Geneva**

First of all, I would like to take this opportunity to express the deep appreciation of the delegation of the Sultanate of Oman to Mr. Ferdinand Marcos, President of the Republic of the Philippines, for having graciously opened this important session of the United Nations Conference on Trade and Development and for his valuable statement in which he expressed the point of view of the developing countries with regard to the issues under consideration. I am confident that the sensible ideas expressed in his statement will constitute a most appropriate basis for the sincere international endeavours aimed at ensuring the success of this Conference on which the attention of all the countries of the world is currently focused, since for them it represents the only possible hope of salvation from the undesirable consequences of the unstable economic conditions at present prevailing throughout the world and affecting both the rich and the poorer countries.

I would also like to express my deep gratitude and appreciation to the Government and the people of the Philippines for their renewed hospitality, since Manila had already hosted the Ministerial Meeting of the Group of 77 which resulted in the Manila Declaration of February 1976.

Our special appreciation is also due to Mr. Kurt Waldheim, Secretary-General of the United Nations, for stressing the need for the immediate implementation of the resolutions, programmes and plans designed to help the developing countries in their efforts to combat economic backwardness, to improve their economic situation and to further their development potential.

We offer our sincere congratulations to you, Mr. President, and to your colleagues, the members of the Bureau, on your unanimous election to preside over this important Conference. We are absolutely convinced that your chairmanship will make this Conference a historic occasion representing man's successful improvement of his economic and social conditions through the adoption of an international strategy to remedy economic backwardness in the developing countries, a strategy which may enable us to rectify the inherent structural imbalances within the body of the world economy in such a way as to benefit all the peoples of the world.

The fifth session of our Conference is being held at a time when the world economy is suffering from a series

of the most acute crises which it has experienced since the Second World War. The collapse of the international monetary system, aggravated inflation accompanied by world economic recession, the prevailing trend towards protectionism among the developed countries and their inability to control the chronic deficits in their balance of payments, the continuation of other traditional problems which have been facing us since the inception of UNCTAD 15 years ago, such as the deterioration in the developing countries' terms of trade in raw materials, the meagre flow of resources from the developed to the developing countries and the increasing indebtedness of the latter, together with the issues relating to the transfer of technology and the economic dependence of the developing countries, lead us to conclude that those problems are not a passing phase but are, in reality, the result of an inherent structural incongruity within the international economic system as a whole. The time has now come to eliminate this incongruity from the system. This task, although difficult, is not impossible provided that joint international efforts are made in all forums, and not only within the framework of UNCTAD, to focus on the main aspects of the structural changes required in the world economy. This naturally prompts us to appeal to the international community to identify clearly the causes of the inherent stagnation and imbalance in the international economic system, and subsequently to take measures and to adopt policies with a view to the restoration of equilibrium within the system itself, so that the existing economic relations between the developed and the developing countries can stimulate the international development process in an economically just and equitable manner. The developed countries are currently in the greatest need of stimulation for their economies in order to escape from the recurrent crises with which they are faced. In this connection, we wish to point out that the short-term decisions adopted by the developed countries to deal with those problems should be in conformity with, rather than contrary to, the long-term decisions aimed at introducing the structural changes needed for the establishment of the new international economic order.

The items on our agenda are both numerous and wide in scope. Most of them have already been included in the agendas of previous sessions of the Conference. This in itself means that they are still awaiting solution. In

spite of the negative aspect of this harsh reality, we believe that both the opportunity and the time are propitious for us to reach important and conclusive decisions at this Conference.

Our present meetings form an important part of the series of international conferences aimed at the improvement of society and the amelioration of the situation of human beings everywhere. For many years UNCTAD has devoted study to issues relating to development and industrialization and to the furtherance of progress in countries aspiring to a better life and a standard of living appropriate to society in the 20th century. Among these issues, the question of the new international economic order is the key to all the problems and the only means of achieving the objectives laid down in the Arusha Programme for Collective Self-Reliance, to which the delegation of Oman is unquestionably and unequivocally committed.

I would also like to take this opportunity to furnish definite proof of the fact that industry in the developed world is dependent on meeting the requirements of the third world, as mentioned in the Arusha Programme. We believe that the strengthening of and support for the third world is really a measure of protection for the developed world, whose interests are not furthered by disregarding the third world's current need for industrialization, technology and the means with which to achieve real economic progress. Is it reasonable that the income of three quarters of the world's population should represent only 20 per cent of the world income, 80 per cent of which accrues to the other quarter? Will the 21st century still accept this despicable situation in which society is divided into two parts: one community suffering from the problems of hunger, unemployment and lack of hard currency with which to buy food, and another community facing the problems of luxurious living and surfeit? Where is human solidarity? Where is the spirit of comradeship among peoples? Although the United Nations has specified a growth rate of 3.5 per cent for the developing countries, we can only note with bitterness and extreme perplexity that that rate has amounted to only 1.2 per cent in the case of the developing countries and 0.7 per cent in the case of the least developed countries.

The establishment of a new international economic order has become a definite and urgent necessity. Mutual interests and a common destiny make it imperative that the international community as a whole should adopt the measures needed for the restoration of stability in the financial sphere and for the elimination of inflation, unemployment and recession. This order cannot be established unless the developed countries abandon their protectionist policies, which constitute a formidable obstacle to economic progress in the developing countries.

How can the developing countries find an outlet for their products in the markets of the developed countries when the latter are pursuing protectionist policies in favour of their own industries and products? Economic integration must form one of the mainstays of the new international order. By "integration" we mean solidarity with, and assistance for, the developing countries

in a manner that will not prejudice the developed countries themselves.

Other items on our agenda include the question of sea transport, to which we attach considerable importance in our capacity as both a developing country and a maritime State compelled to rely on foreign merchant fleets for the marketing of our commodities and for the import of our requirements. My delegation supports all the delegations which claim the right to participate in international sea transport and to develop their merchant fleets so that they will no longer be the victim of monopolies and be obliged to accept *faits accomplis* and policies imposed by transnational corporations. Our belief in justice and in the international distribution of power leads us to conclude that the developing countries should have their share in sea transport and that this share must be commensurate with the volume of their exports and imports.

Statistics clearly show that the current situation is one of increasing exploitation of the means of sea transport in order to raise prices and to impose a fixed tax on the imports and exports of the developing world.

At this session, the Conference must recognize the right of the exporting countries to transport bulk cargoes, including petroleum, in their national vessels and reserve an equitable proportion of such cargoes for the national vessels of the exporting countries. The developing countries will not continue to accept the growing system of flags of convenience and open registration in view of the ambiguity of this system and the need for its revision and reform.

The question of the transfer of technology is also of great importance and consequence for the developing countries since it forms the basis on which to ensure the protection and continued growth of our economies. As long as the developed world refuses to provide the means for the transfer of technology in favour of the developing countries and to ease the restrictions relating to patents, we cannot believe in the sincerity of the policy of co-operation aimed at the improvement of technical standards in the countries of our backward world.

Technology, which is the main reason for the backwardness of the developing countries, cannot be compensated for by money or raw materials, since it is an instrument to be used for the development of mankind and, as such, cannot be monopolized or treated as commercial merchandise.

It is therefore obvious that technology should be regarded as something special and exceptional and that recognition should be given to the principle of its transfer as a necessary obligation rather than an act of charity, since the creations of the human mind are the property of mankind as a whole and should not be monopolized by some to the exclusion of others.

In this connection, my delegation welcomes the first step taken within the framework of UNCTAD whereby it was agreed to establish an international institutional body to monitor the implementation by States of the code of conduct for the transfer of technology, particularly at the intergovernmental level. We believe that that gigantic step forward will gradually liberate that

property, technology, which has been so jealously guarded.

While commending the role of UNCTAD in the field of technology, I feel that reference should be made to the recent positive achievements made in connection with the Common Fund for commodities. These achievements are especially appreciated since they are the outcome of endeavours by all the parties concerned. In this respect, we hope that those achievements will be continued and that the wealthy countries will show themselves to be generous in regard to the financing of the second window in order to ensure that the Common Fund is established on a firm footing with every prospect of permanence and continuity.

My country's delegation came to Manila with firm instructions to support every measure designed to strengthen the bodies supervising the development of the international economic system in a manner consistent with present-day requirements and with the right of the developing countries to a better future which will be a reflection not only of the dignity of those countries but also of the honour of the developed countries. This is the basis for stability and a prerequisite for tranquility. As stated by the Arabic proverb, "there can be neither repose nor stability as long as a neighbour is languishing in poverty and need". The greatest danger threatening the future of the industrialized world in its relations with the third world is the poverty gap and the lack of political stability which is threatening certain regions of the world owing to the hegemony of colonialism in all its various forms, from Zionism and

foreign occupation to racial discrimination and the policy of segregation.

As part of the third world, the region of the Middle East constitutes a powder keg which is constantly exposed to a wide variety of dangers from abroad, which hamper the course of its development, restrict its freedom of action and weaken its endeavours aimed at industrialization and modernization.

The Sultanate of Oman is engaged in a process of industrialization to meet the needs of the country and to raise all aspects of the standard of living of its citizens. To that end it has taken all the requisite measures and established an appropriate climate for the promotion of both local and foreign investment through the provision of legal incentives to encourage investment in industrial development projects. Consequently, far from being pessimistic, we are confident that the positive attitudes prevailing at this Manila Conference as a result of the success of previous sessions will inevitably provide a stimulus and a good opportunity to resolve the problems which are sapping the strength of the international economy.

We are very hopeful that the agenda of the next session of the Conference will contain new items which, through our joint endeavours, will be the result of policies of interdependence and real economic integration which leave no place for the continuation of a boundless gulf between rich and poor countries.

I trust that our work will be crowned with the success desired by our peoples.

**Statement made at the 154th plenary meeting, on 10 May 1979, by Mr. Ghulam Ishaq Khan,  
Minister for Finance, Commerce and Co-ordination of Pakistan**

Mr. President, please accept the warm felicitations of my delegation on your election. We are confident that, under your wise leadership and eminently practical approach, this Conference will achieve positive results. I must also express our gratitude and appreciation for the warm welcome accorded to us by the First Lady, and the generous hospitality extended to us by the people and the Government of the Philippines. The Philippines has played a leading role in promoting the cause of the third world and it is a fitting tribute that this historic Conference should be held in the beautiful city of Manila. Our delegation listened with great admiration to the opening address by President Ferdinand Marcos. We are confident that his perceptive analysis and sagacious counsels will guide and inspire our deliberations.

I should also like to pay tribute to the excellent work being done by the UNCTAD secretariat under the able leadership of its Secretary-General, Mr. Gamani Corea.

This Conference takes place at a time when the world is still struggling to recover from the deepest and most prolonged economic crisis since the Second World War. The continuation of economic recession, the persistence of international inflation and the unprecedented external payment deficits of the non-oil-producing developing countries are not only matters for serious concern

and disquiet but are also indicative of the fact that the world economic system in its present form is no longer capable of functioning efficiently and effectively in the interests of the international community as a whole. The impact of the malfunctioning of the international economic system and the policies of expediency pursued by the developed countries in their own short-term interest has been particularly damaging for developing economies in the twin areas of trade and resource transfer. These, if I may recall, were to be the two pillars supporting the grand design of the International Development Strategy for this decade.

The current account deficit of the non-oil-producing developing countries increased from \$11.3 billion in 1973 to \$31 billion in 1978, with unmistakable signs of its further deterioration. The same countries' total indebtedness increased from \$56 billion in 1968 to \$300 billion in 1978. Their debt servicing burden has increased from \$7 billion to \$37 billion. On the other hand, their share in world trade declined from about 25 per cent in 1960 to 17 per cent in 1975, while their share in world industrial production has remained stagnant at about 7 per cent for decades.

The situation is paradoxical. In the industrialized free-market economies, workers are unemployed, production capacity is under-utilized, prices are constantly

on the increase and investment continues to be sluggish, although almost unlimited opportunities for employment, investment and growth could be opened up by translating the vast and pressing requirements which remain unsatisfied in the developing countries into effective demand through the provision of the necessary purchasing power.

Yet the situation is not without hope. A perception appears to be emerging in the industrialized countries that world prosperity is indivisible and that the economic development and growth of the developing countries are essential to the continued growth and well-being of the industrialized countries. It remains to translate this perception into concrete measures and policies in all areas of international economic relations. This is the challenge facing us at Manila. It is our earnest hope that we shall be able to work together constructively and creatively to find answers that will correspond to the concerns and interests that are shared by us all.

I should now like to offer a few comments on some specific subjects that appear to my delegation to be of major concern.

The importance of the Integrated Programme for Commodities for the developing countries needs no emphasis. The successful conclusion of the negotiations on the Common Fund at Geneva in March this year has been received with general satisfaction. We hope that the groundwork will soon be completed for the establishment of the Common Fund as the key element in the Integrated Programme for Commodities. We are convinced that this would provide the much needed impetus for the successful completion of negotiations on individual commodity arrangements. We should like to take this opportunity to reiterate that, in keeping with the spirit of the Nairobi resolution, the structures and mechanisms established under the Integrated Programme should be so designed that they equitably serve the interests of both producers and consumers, so that the developing countries which are importers of commodities will not be subjected to a disproportionate or undue burden.

The proliferation of protectionist trade policies in industrialized countries has emerged as the most disruptive element in international economic relations in recent years. These policies have taken a variety of forms: multilateral arrangements, import quotas, "voluntary export restraints", "orderly marketing arrangements", price floors on imports, countervailing duties, administrative obstacles to imports, and subsidies to domestic industries. The most distressing aspect of the situation is that imports from the developing countries have been singled out for such discriminatory and escalating protectionist measures whenever they have come to acquire a competitive edge. An atmosphere has been created in which vested interests in more and more sectors are able to lobby and successfully build up pressure for protection. The grounds on which these policies are justified are demonstrably untenable. A number of studies have shown that the loss of jobs through competition from imports is fractional compared with the jobs lost through technological advances and increased productivity. The inequity and injustice

of the situation is clearly brought out by facts and figures. The share of the developing countries in world exports of manufactures is no more than 7 per cent. Their share in total consumption of manufactures in the industrialized countries is only about 2 per cent. Even in a so-called sensitive sector such as textiles and clothing they account for only about 4 per cent of total consumption in the United States of America, 8 per cent in the Federal Republic of Germany, 6 per cent in the United Kingdom, 5 per cent in Canada, 4 per cent in Japan and 2 per cent in France. The balance of trade in manufactures between the industrialized countries and the developing countries remains overwhelmingly in favour of the industrialized countries. The surplus of the industrialized countries in this trade increased from \$16 billion in 1963 to \$100 billion in 1977, and it continues to rise.

The importance of the developing countries as markets for the industrialized countries is perhaps not sufficiently recognized. No less than 30 per cent of the total exports of manufactures by the industrialized countries in 1975 were directed to developing countries. Sustained demand in the developing countries has to a large extent been responsible for the avoidance of a much deeper recession. It is the immense potential for increasing demand in these markets that offers the most promising avenue for the recovery and sustained growth of the world economy.

The results of the multilateral trade negotiations have been disappointing for the developing countries. The negotiations have failed to provide "special treatment" or "additional benefits" to the developing countries in any meaningful sense, or to lay the groundwork for "a substantial increase in their foreign exchange earnings", or "the acceleration of the rate of growth of their trade", or again "a substantial improvement in the conditions of access to markets" for their products, which were among the professed objectives of these negotiations. The greatest disappointment has been their complete failure to deal with the existing quantitative restrictions, including, in particular, the highly restrictive and discriminatory regime of trade in textiles, and the vast array of other non-tariff barriers against exports from the developing countries. It is depressing to reflect that the ambitious and long drawn out Tokyo Round did not even begin to deal with these trade problems of vital and immediate concern to the developing countries. We feel it is of utmost importance that the ongoing negotiations on safeguards should be completed successfully, and should result in stricter discipline and a greater sense of mutual responsibility in this area. Furthermore, procedures should be instituted, as a matter of high urgency, either in GATT or in UNCTAD, or with the collaboration of both these organizations, to deal effectively with all existing quantitative restrictions and other non-tariff barriers that operate to the detriment of the developing countries.

It is tragic that GATT, which was established to promote liberalization of international trade and ensure non-discrimination in trade matters, has been a helpless witness to increasing violation of these principles. A structural reform of GATT, in order to make it more effective in fulfilling its responsibilities, is therefore urgently needed.



The problem of protectionism cannot be dealt with effectively except in the wider context of the problem of industrial adjustment. With few exceptions, the developed countries have not adopted any meaningful adjustment programmes designed to redeploy and restructure their less efficient industries. Instead, by resorting to protectionist policies, they have preserved inefficient and often archaic industries in the name of saving them from so-called "low-cost imports" and preventing unemployment. But the real cost of these policies has been an inefficient allocation of resources and a much greater loss of jobs and incomes as the result of slower growth and higher inflation. The cost in terms of an inefficient international division of labour is much greater. We feel that, in the ultimate analysis, the only sure test of effective adjustment policies is a firm and irrevocable commitment to the phasing out of all protectionist trade measures. Accordingly, it is of the utmost importance that the agreement on safeguards should provide for a definite outside time limit for safeguard measures.

The agreement in regard to retroactive adjustment of official debts of the poorer developing countries reached at the ministerial meeting of the Trade and Development Board in March last year was rightly regarded as the first significant breakthrough in the North-South dialogue. We are deeply appreciative and grateful to those countries, such as Sweden, Switzerland, the Netherlands, the United Kingdom and Japan, which have already acted or taken decisions to fulfil their commitment under this agreement. However, it is a matter of profound concern to us that the decisions taken by some of the most prosperous donor countries have fallen short of the scope and intent of that agreement. We would urge those countries to expand the coverage of their action to all poorer developing countries, as contemplated in the resolution.

While on the question of debt, I would like to draw attention to another aspect of the burden of debt. Loans disbursed in the past in appreciation-prone currencies in an era of widely fluctuating exchange rates have considerably increased the burden of repayment of such debts both for the borrowing country and for the entity concerned. The severity of the problem has been more especially felt by sub-borrowers of development banks whose repayment obligations have been fixed in Japanese yen, Swiss francs and deutsche mark. A sizeable number of such borrowers and of the projects concerned have run into grave financial problems, and the very objective of providing development assistance is being vitiated in such cases. The matter has acquired special urgency, and we would hope that the concerned institutions will address themselves to this problem with a view to finding an appropriate solution.

The critical role of external resources in sustaining the economic development plans of the developing countries is axiomatic. Policies and measures relating to stabilization of the commodity markets, improvement in the terms of trade of the developing countries, and elimination of barriers against their exports of manufactured products will therefore need to be supplemented by much larger flows of ODA than heretofore. Massive increases in the current account deficits of the develop-

ing countries in recent years have thrown out of gear calculations of the resource gap on which the ODA target of 0.7 per cent was based. Unfortunately, ODA from the DAC countries as a whole has never measured up even to this target. The amount of ODA from these countries has increased very little in real terms, from \$13 billion in 1965 to \$14.8 billion in 1977 (at 1977 prices). As a percentage of GNP, it has actually declined from 0.42 per cent to 0.31 per cent. This calls for a determined effort at the international level to match the level of external assistance with the requirements of a socially meaningful growth rate in the developing countries. We warmly welcome the announcement by Japan of its intention to double its ODA disbursement in the next three years. We urge the other DAC donor countries to emulate this example and to commit themselves to specific acceleration of their ODA for the next three years.

International monetary relations are another area where reforms are urgently called for. There is a widespread feeling in the developing countries that the international monetary system, as it currently operates, has in-built and self-propelling mechanisms which tend to ensure a privileged position for the industrialized countries. Better control of the creation of international liquidity and achievement of a more symmetrical adjustment process were regarded as the key elements in the needed monetary reform when the Bretton Woods system broke down in 1971. However, the improvisations in the international monetary system that have been put through by way of the second amendment of the IMF articles of agreement following the so-called Jamaica Accord have failed to provide effective solutions to these problems. International liquidity continues to be created by the national decisions of the richest industrialized nations, whose currencies are held as reserves by other countries. This does not allow the adjustment of world reserve creation to the non-inflationary requirements of potential growth in world trade and production. The uncontrolled growth of international liquidity in the form of reserve currencies has been an important factor in the persistence of the worldwide inflation of recent years, which has hit the poorer developing countries particularly severely. Similarly, the balance-of-payments adjustment process continues to remain asymmetrical, with the pressure to adjust concentrated more on non-reserve deficit countries than on surplus or reserve currency countries.

It is time for the unfinished task of international monetary reform to be resumed in earnest. For effective control of international liquidity, it is essential that the use of national reserve currencies as international reserves be reduced markedly, and that wider use of SDRs be promoted. This, indeed, was the consensus arrived at in the Committee of Twenty, which had been commissioned to advise on all aspects of international monetary reform. It is good to learn that the setting up of a substitution account for facilitating the replacement of reserve currencies by assets denominated in SDRs and for promoting the use of SDRs is currently under consideration by IMF. I hope that the operation will not be confined to voluntary replacement of a part of the accumulated stock of reserve currencies by SDRs, but that arrangements will be worked out for the settle-

ment of current deficits and surpluses of member countries in SDRs to promote greater symmetry in the adjustment process.

I may also recall here that, at the time of the setting up of the Committee on International Monetary Reforms, it was agreed that the main features of international monetary reform would include the promotion of the net flow of real resources to developing countries. During the course of the negotiations, the developing countries pleaded vigorously for the establishment of a link between development assistance and allocation of SDRs to assist in the attainment of this objective. However, some developed countries strongly resisted this idea, with the result that it has not so far been implemented. I feel we should bring up this question again during the course of our discussions here and urge the developed countries to reconsider their stand. At the same time, it would be useful to explore other ways in which the working of the international monetary system could aid the process of growth in developing countries. One solution that I would suggest for consideration is to arrive at an agreed arrangement whereby surplus developed countries whose accretion to reserves exceeds a specified limit would be obliged to make available a part of such accrued reserves to the developing countries for development financing or balance-of-payments support.

Apart from these measures, it is my belief that IMF can better fulfil its objectives of fostering trade and growth in the world economy if it takes full cognizance, along with domestic policies, of the exogenous factors affecting the payments situation of member countries, and does not impose conditions for its assistance that may interrupt or impede a country's process of growth.

I fully agree with the emphasis being placed in our deliberations on collective self-reliance, for there is indeed a great potential for expansion of trade and investment among developing countries themselves. However, the obstacles impeding faster expansion of such trade are such that a major reversal of the present direction of

trade will require conscious and deliberate efforts on many fronts. The historical links tying developing countries to industrialized countries are so strong that any pronounced departure from the existing pattern will call for new initiatives and the establishment of new institutions and facilities. The non-convertibility of the currencies of most developing countries is a major impediment to the expansion of trade among those countries. The establishment of a payments scheme for countries of the third world could assist significantly in reducing the need for convertible currencies and so promote greater trade among those countries. The process would be further facilitated if steps were taken to promote the use of certain regional currencies in the settlement of transactions. UNCTAD could play a vital role in the establishment of such arrangements.

The world is poised today for a breakthrough to a new order of international co-operation and economic equity. We also hear a great deal about the eradication of absolute poverty, the sanctity of human rights and meeting basic needs. If these precepts are seriously meant, and are not mere clichés, there must be a contract between the rich and poor nations to work in concert towards the achievement of those goals. The entire development strategy being pursued in developing countries is essentially oriented towards the elimination of poverty and towards meeting the minimum human requirements in the fields of nutrition, health, housing and education. This is what the entire debate in UNCTAD and other forums is about. It is now up to the conscience and political will of the world community to see how soon the process can be brought to fruition. As President Marcos remarked in his keynote address, the time for studies and debates has passed and the impoverished and forsaken people of our nations can no longer wait. The present may yet prove a moment in history in which all nations, acknowledging the basic deficiencies and inequities of the existing economic order, forge a creative partnership to rid the world of the worst forms of poverty and exploitation and to usher in an era of peace and well-being for the whole of mankind.

**Statement made at the 167th plenary meeting, on 21 May 1979, by Mr. Aquilino P. Villamonte, Alternate Permanent Representative of Panama to the United Nations Office at Geneva**

On behalf of the Republic of Panama, I have much pleasure in saying how great an honour it is for the delegation of which I am chairman to convey its wishes for peace and prosperity to the Government and people of the Philippines. We also take this opportunity of expressing our heartfelt gratitude for the generous hospitality extended to this important Conference. We wish furthermore to pay our deepest respects to you, Mr. President, and to the officers of the Conference, and to express our conviction that your skilful guidance of this session will contribute to and promote the successful outcome of this momentous occasion.

It is important to note that all speakers, regardless of the level of development of the country which they represent and of the political ideology which they prac-

tise, are agreed that this fifth session of the United Nations Conference on Trade and Development is being held at a time when the world economy is passing through the most serious crisis of the past 35 years, and that there can be no denying that, if mankind is to survive, there is no alternative to international co-operation. This is the philosophical basis which has brought us to this important Conference, in which we place the highest hopes.

These considerations lead me to the observation that the uncertain outlook for the world economic system is a cause of concern to both the industrialized countries and the so-called developing countries, because the crisis which has brought about this uncertainty has persistently afflicted both groups and has been aggravated

by the fact that the developed countries, particularly those with market economies, being unable to take effective measures to correct their internal imbalances, have transferred a part of their load to the developing countries. The result has been a disruption of the economies of the latter which is significantly and adversely reflected in their balance of payments and in a persistent and growing external indebtedness.

In the face of the problems of world coexistence, which daily become more acute, of the difficulties of putting into effect programmes of action for dealing with the deep-seated socio-economic inequalities which exist, and of the systematic violation of the fundamental rights of peoples who are unfortunately caught up in the vortex of political and economic interests, Panama shares in and identifies itself fully with the demands of the developing countries for structures that will constitute the foundations of a new international society.

Along with its brother countries of the third world, the Government of my country has a keen interest in the processes for changing the world economic system so as to lighten and apportion more equitably the onerous burden constituted by the needs of our peoples.

We are faced today with a high rate of population growth, with a concomitant effect on the level of unemployment, and with an average income that is barely enough to allay the hunger which is manifest in the developing countries. The manifold needs of the developing countries must be dealt with as a matter of urgency; accordingly, a new dynamism must be applied with a view to finding a speedy solution to all the various effects of this population growth. Otherwise we shall be faced with the dilemma of either breaking the delicate and precarious socio-economic balance, inherited from colonialism, by brusque and violent changes or of maintaining our peoples in thrall to a second-rate existence within the vicious circle of underdevelopment.

Panama has always had, and will continue to have, faith in the effectiveness of international forums, in this United Nations Conference on Trade and Development and in the undoubted significance of its important task, namely, to achieve a proper readjustment that will enable us to participate, in all fairness, in the benefits of the growth in world trade, of advanced technology, and of a balanced financial aid which provides a real impetus for the national development process and genuinely supports the inalienable and sovereign right of nations to use their natural resources to meet their own needs. To the extent that the now clearly defined common objectives are achieved, we shall effectively carry out the pressing mandate of the nations we represent.

During the course of this Conference, matters of unparalleled importance are to be discussed, such as the transfer of technology, external indebtedness, and the financing, marketing and production of manufactured and semi-manufactured goods and of commodities. These broad-ranging subjects must be approached with the greatest caution, owing to the implications of their own mechanism and their decisive priority in the national economies of the developing countries.

Our country, like the great majority of developing countries, sets great store by the effective operation of the Integrated Programme for Commodities, which has not made significant progress or yielded definite results, owing mainly to lack of co-operation and political will on the part of the developed countries.

In view of the fact that this Programme provides *inter alia* for a commitment to maintain the security and growing stability of the incomes of developing countries from the export of such products as tropical woods, copper, bananas, cocoa, coffee and sugar, it is obvious that the implementation of decisive action of this kind will enable developing producer countries to gain greater benefits from and improve the exploitation of these resources.

However, within the commodity context, we feel bound to mention our serious concern at the present state of the International Sugar Agreement. Although it is the only agreement that has been renegotiated since the Integrated Programme for Commodities was approved, we find that it has not been operating fully, owing mainly to the fact that the largest importing member country has not ratified it but also to the non-participation in that Agreement of EEC and the increasing amounts of sugar being exported by that grouping.

For all these reasons, our Government considers that the requirements of a new international economic order are fundamental; its complexity and the machinery necessary for its implementation call for a genuine will on the part of all States not only to establish it but also to keep it going.

In this connection, as laid down in the Arusha Programme, the achievement of collective self-reliance must be seen as an integral part of a world economic system and, more specifically, as an indispensable component of a general development strategy which provides for the restructuring of international economic relations. Economic co-operation among developing countries in particular is an element in a strategy of collective self-reliance, and consequently a basic component of the endeavour to establish a new international economic order. To this end, the developed countries and the institutions of the United Nations system must give decisive support to this process, in compliance with the various resolutions of the General Assembly and of UNCTAD.

We must reiterate our Government's concern at the escalation in the protectionist measures of the developed countries. We consider that the attitude adopted by those countries is helping to undermine the industrialization efforts of the developing countries and is acting as a brake on action designed to increase and diversify their exports, thus preventing them from obtaining the revenue that would enable them to improve the present state of their economies.

In the face of this situation, the Government of Panama is in favour of every effort to do away with restrictions which hamper industrialization and the diversification of commodities processed in the developing countries for the markets of the developed countries, and would emphasize in the strongest terms that

such obstructionist measures must be abolished in the very near future.

Our Government takes the view that, among the matters warranting priority attention, are the measures connected with the safeguard clauses and so-called voluntary export restrictions, which are frequently and to a considerable extent applied to commodities of major interest and importance for our economies.

With regard to the multilateral trade negotiations, our delegation wishes to express its concern at the fact that, in the course of those negotiations, little importance was attached to problems that are fundamental to the trade of the developing countries. This runs counter to the principles formulated in the Tokyo Declaration and to some extent constitutes a further frustration for countries which had placed a high degree of hope in the liberalization and expansion of trade within the context of differentiated treatment.

As for shipping, Panama, as a country in the process of development and as a member of the Group of 77, is unreservedly in favour of the promotion of regional and interregional co-operation in shipping matters, and joins in the efforts of other developing countries to create and expand their national merchant fleets. In this connection, it should be noted that Panama has the largest interest of all the States belonging to the *Naviara multinacional del Caribe (NAMUCAR)* (Caribbean multinational shipping corporation), to which the States of the Caribbean region are parties and whose object is to help to resolve the most pressing shipping problems in that part of the continent. The ships belonging to NAMUCAR have been registered in Panama and sail under the flag of the Republic of Panama. Our Government does not consider these efforts to be incompatible with the existence of a Panamanian fleet regulated by the national authorities.

In keeping with the principle enunciated by the Group of 77 at its Ministerial Meeting at Arusha, and as a reaffirmation of its international commitments, the Government of Panama has adopted stringent measures, under its standing legislation, with a view to ensuring that ships that do not meet the requirements laid down by international standards do not sail under its flag. Thus, under the programme being developed by our country to strengthen its maritime safety administration and its international image, priority is accorded to strict compliance by Panama with international laws and regulations relating to the conditions of life, hygiene and work of the crew, possession of the requisite certificates of seaworthiness, prevention of contamination of the sea by ships, and safety of human life at sea.

For all these reasons, our Government shares the views set forth in the Arusha Programme for Collective Self-Reliance to the effect that the UNCTAD secretariat, in collaboration with other related international organs, should undertake further studies to determine whether the measures proposed with a view to securing an increase in the merchant fleets of the developing countries are appropriate.

It is in this context that my delegation believes that the most appropriate approach, so far as the proper development of the said merchant fleets is concerned,

would be to find ways and means of lightening the heavy economic burden on the non-energy-producing developing countries of having to purchase oil on the international market in accordance with the present marketing system, which daily saps the internal economy of those countries.

The delegation of Panama feels that it should draw attention to certain facts which, in its view, are of importance for this Conference because of the close relationship they bear to the development of world trade.

On 7 September 1977, the international community welcomed the signing of the new treaties on the Panama Canal. In the months that followed, those treaties were approved by the competent authorities in Panama and in the United States of America, instruments of ratification were exchanged in June 1978, and the treaties were to enter into force on 1 October 1979.

The Government and people of Panama are convinced that those treaties constitute a decisive step forward in the long-standing campaign for the full attainment of their independence and sovereignty and for the achievement of their legitimate national claims, and that they will lead to a new era in the relationship between the two countries.

However, certain recent events have cast a discouraging light on what would have been the normal course of events had the Torrijos-Carter treaties been implemented by both parties in strict compliance with their contractual obligations.

With justifiable concern and alarm, the Government and people of Panama have followed very closely the course of the debates held in the United States House of Representatives on the enactment of the supplementary laws that are necessary to enable the United States of America to comply with the obligations it has entered into and for the proper implementation of the treaties.

The delegation of Panama wishes to state that the bills being debated in the House of Representatives are in open contradiction with the spirit, objectives and goals of the 1977 Canal treaties. Panama would point out that approval and adoption of these bills would be a manifest violation of the clear and unequivocal provisions of the treaty, which recognize the inalienable rights and important achievements of the Republic of Panama.

In view of this situation, Panama reiterates, in this important forum, that it will not accept any provision that explicitly or implicitly violates, contradicts or modifies the spirit, objectives and goals of the Torrijos-Carter treaties.

Panama draws the attention of the international community to this fact since, if the laws in question were passed, the proper application of the treaty would be significantly affected and this would prejudice the efficient and safe operation of the Panama Canal, a waterway of prime importance for world trade and navigation and one in whose normal operation all countries have basic interests.

Panama gives notice to the international community that, if laws which violate the letter and the spirit of the Torrijos-Carter treaties are adopted, it will be unable to guarantee the proper functioning of the Panama Canal;

it also draws attention to the serious repercussions which such a situation would have on world trade, in which event Panama must declare that it could not be held responsible.

The Government of Panama is fully cognizant of the responsibilities it entered into when it signed and

ratified the Canal treaties; it declares its willingness to comply with those responsibilities in the form agreed, and trusts that the United States authorities will see their way to making the necessary changes to enable the United States of America to honour the treaties in the letter and the spirit for the good of both countries, and for peace and international security.

**Statement made at the 154th plenary meeting, on 10 May 1979, by Mr. Niwia Ebia Olewale, Deputy Prime Minister and Minister for Foreign Affairs of Papua New Guinea**

Mr. President, heeding your call for brevity and with your indulgence I shall keep my address brief and touch in simple terms on what my Government sees as the broader points requiring emphasis at the fifth session of the United Nations Conference on Trade and Development. A more detailed paper covering much the same ground as previous speakers has been submitted to the secretariat for distribution.

My Government views this Conference as the launching pad not only for future international understanding and co-operation on issues of an economic nature but also as a venue where nations can break down the barriers that have stood unbreached in the pursuit of global brotherhood and well-being.

We have found disturbing the countless press reports predicting that the fifth session of the Conference will fail to attain its objectives, a troubling forecast under normal circumstances but even more so when we consider that the Conference has barely begun and that the complex rounds of negotiations are still in their infancy. Are the member nations of UNCTAD so set in their policies and so intractable on even the slightest concession as to justify the widespread feeling that this summit is doomed before it starts? I shudder at the thought that this Conference, set in such splendour, will prove to be just one more international gathering strangled by rhetoric and platitudes of goodwill and lacking in positive action.

My own country, Papua New Guinea, is not wealthy and is striving to be self-reliant in as far as that is possible in today's world. We cannot afford to invest where we shall receive no return.

How will the books balance when the fifth session of the Conference draws to a close? Will there be some return for the \$10 million spent here by delegates, a return of at least the same amount of money distributed in aid to a nation in need? Will there be something to show for the long hours of arduous debate?

Papua New Guinea comes humbly to this Conference; we do not wield political or economic muscle and we are under no illusions about our capacity to influence or guide conferences of this sort. We do, however, feel we have a role to play, small as it may be.

We call on this forum to put aside the uncompromising attitudes that are playing havoc with the international economy and to look with diligence for solutions. Should the Conference, by its failure to reach equitable

conclusions on economic matters, endorse the poverty and wretchedness of one quarter of the world's population, then the global future will be very grim indeed. The fifth session of the Conference cannot afford to fail, for with failure member nations will stand defenceless, charged with neglect, self-interest and a cold-hearted attitude towards basic human rights.

Before summarizing my Government's attitude to key issues, I would like to relate a brief exchange between a young delegate and an acquaintance in the foyer of the Conference building. The young delegate remarked that he felt slightly overwhelmed in the presence of so many senior, distinguished Conference delegates. The acquaintance acknowledged the undoubted experience and integrity of delegates and then asked, with a searching look, what they had achieved.

What have we achieved? Gains have certainly been made in some areas, but the fact remains that progress has been slow on too many crucial points.

In summary, the views of the Government of Papua New Guinea are as follows:

1. We support fully the measures outlined in the Arusha Programme for Collective Self-Reliance.
2. We are prepared to consider the final figure to be adopted for direct government contributions to the Common Fund, including the amount for the second window.
3. My Government notes with dismay the slow progress made in achieving the Lima target of a 25 per cent share in world production of manufactured goods for the developing countries by the year 2000.
4. The international community should accept the principle of linking the prices of primary exports from developing countries with the prices of manufactured goods imported by them.
5. My Government calls upon the international community to provide practical assistance to island developing countries in the field of infrastructure development—a prerequisite to further development.
6. My Government calls upon the donor countries to provide aid, untied to procurement sources from the donor countries, to developing island countries.
7. My Government calls on the international community to co-operate with the developing countries in the exploitation of their resources in accordance with their development objectives.

8. We consider the issue of ECDC to depend primarily on improvements in the methods of consultation and co-operation.

9. My Government is seriously considering ratifying the Code of Conduct for Liner Conferences, and calls on others to take positive action in this regard.

10. My Government is grateful that ESCAP has taken a positive interest in the plight of the Pacific island countries in the field of shipping.

11. The machinery of UNCTAD should be made more flexible in its method of operation, so as to make it more responsive to the demands of the organization's members, especially the developing member countries.

Lastly, and most importantly, the international community should now pledge to move away from the stage of commitment to that of implementation if we are to overcome the prevailing international economic malaise.

**Statement made at the 165th plenary meeting, on 18 May 1979, by Mr. Felipe Valdivieso, Ambassador and Permanent Representative of Peru to the United Nations Office at Geneva**

On behalf of the delegation of Peru, I should like to express our most sincere gratitude to the President of the Philippines and Mrs. Marcos for the hospitality they have afforded to us since our arrival in Manila, and our congratulations on the effective collaboration which the Philippines Government and people are extending to UNCTAD in order that the fifth session of the United Nations Conference on Trade and Development may be held in the best possible circumstances.

I should also like to congratulate you, Mr. President, on your election to the office which you have been fulfilling so competently and in which you have ably demonstrated your widely recognized qualities as a statesman and diplomat.

Lastly, I should like to express my delegation's gratitude for the efficient work of Mr. Gamani Corea, Secretary-General of UNCTAD, who has continued to make untiring efforts despite the many difficulties he has encountered, particularly with regard to the organization and conduct of the negotiations which have been held during recent years.

We are meeting again three years after adopting the Integrated Programme for Commodities, which undoubtedly constitutes an important milestone in the conception of development problems. After the Declaration on the Establishment of a New International Economic Order, we adopted Conference resolution 93 (IV), an instrument which, if fully implemented, would provide us with an excellent guideline for reforming the unjust system of international economic relations.

Without ignoring its validity or its potential, three years after the adoption of the Integrated Programme, and with very extensive experience of negotiation, we can only say that the results obtained have been so minimal that they cannot contribute to the achievement of the objectives and purposes which inspired its adoption. It is all too clear that the preliminary agreements concerning the Integrated Programme for Commodities and the scant financing provided for the Common Fund will inevitably restrict both the scope and the operation of those institutions.

In addition, we have at the same time been involved in the North-South dialogue, whose failure it has been impossible to conceal, and in the multilateral trade negotiations, which ended recently and also fell far

short of satisfying the legitimate aspirations of the developing world. Furthermore, during the last half of the current decade, the protectionist practices of the industrial Powers have been intensified, to the detriment of the peoples of the third world, as have the burdens caused by the worsening external debt crisis. Peru attaches special importance to the problem of external indebtedness and holds the view that multilateral monetary and financial institutions should grant balance-of-payments credits and support without interfering in the development programmes of our countries. Peru makes this request with the moral authority of a country which, last year, ended a period of undoubted disagreement with the international financial organizations, disagreement which took a long time to settle and which entailed high social costs for the country.

We are therefore meeting here with an evident sense of frustration which leads us to believe that, in the current international situation and with the continuing economic crisis, there are very few opportunities available to the underdeveloped countries for bringing about a radical change in the structure of international economic relations to assist the development of our peoples.

To avoid repeating the arguments and views already expressed by various delegations which have spoken before me, the delegation of Peru will refer only very briefly to the just claims which the countries of the third world have been making on the industrialized countries for the past two decades and which, with only slight variations, have been on the UNCTAD agenda for 15 years. My delegation will be brief because it considers that at the present stage it would be virtually useless to continue a contest of acrimonious attack and self-defence which has so far proved inconclusive.

The majority of the delegations present at this Conference have analysed the situation with regard to the items on our agenda and have added their own comments in the light of their regional situation and the categories we ourselves have established within the world organization. However, we all agree that the progress made in dealing with the various problems has been singularly slow or insignificant. In the view of the developing countries, the reason for this is that the industrialized countries lack the genuine political will to implement the undertakings given in UNCTAD. Con-



versely, the rich countries maintain that it is impossible to meet our demands, at least in the medium term, and point to the need to implement contingency measures which are basically delaying tactics.

The duality of views which existed when UNCTAD came into being therefore remains unchanged because of the widely differing approaches to the various problems, and this gives rise to exhausting and sterile parliamentary gymnastics.

For these reasons, the Government of Peru feels that it is time for profound and calm reflection which will facilitate not only the resumption of a fruitful dialogue but also the genuine survival of UNCTAD. It goes without saying that it is not in our interests for a new session to be held every four years if at such sessions we are not able to make substantial progress on all the subjects under discussion.

This Conference opened with the eloquent words of warning of the President of the Philippines, Mr. Ferdinand Marcos. His valuable recommendations on how to redirect the dialogue in the light of a philosophic conception of development and co-operation for development remain fresh in our minds; this conception should be common to all the religious and political beliefs professed by all the countries meeting together here. Please allow me to express our particular gratitude to President Marcos for his brilliant statement inaugurating this fifth session and for the many felicitous initiatives for which we, the countries of the third world, are indebted to him. We also owe him our gratitude for the dedicated and energetic way in which he has taken up the best causes in the struggle to restructure the world economic order that is still in force.

In substance, our delegation is reviving the idea that economic development must be conceived in a humanitarian context; in other words, it should be aimed at raising the standard of living of peoples on the basis of human dignity, and we should banish forever any selfish or pragmatic criterion which seeks other aims. Unless this is done, we shall inevitably be drawn into a situation of confrontation.

The developing countries are not asking for charity; they want justice. We question the current international economic order not only because we consider it harmful to our interests but also because we honestly believe that, in the long run, it is bound to lead to situations which will be still more damaging to international relations. We are fully aware of the need to face up to the development process and to find ways to tailor our demands to the possibilities of the industrialized countries, but we cannot agree to any further waste of time.

It is a proven fact that the crisis which the world is now experiencing stems from the industrialized countries, and that it is not a passing phase but a structural problem. Consumerism, a real scourge of our times, has severely damaged trade relations between the industrialized countries and the developing world. Our raw materials and manpower have subsidized and continue to subsidize the standard of living of the inhabitants of the "first world" countries. Internal problems are resolved in such a way that our differences inevitably increase daily. That is why we have to restate

our problems at the world level. The new "international division of labour" and "industrial redeployment" should no longer be bandied about as mere slogans to disguise real problems.

No religion or political theory can accept the continuation of this situation. The West has a moral obligation to honour the postulates of so-called "Western and Christian" civilization, and the countries with Marxist-inspired regimes have a moral duty to exercise and implement in tangible ways the social solidarity called for by that doctrine. Between these two poles there is a struggling mass of humanity that was discovered five centuries ago to be used for the benefit of others. The progress of those masses during these 500 years, in general terms, was at first non-existent, then uneven, and now it is slow.

Science and technology, while assisting us, make us backward in differing degrees. The more rapidly some develop, the more difficult it will be for those left behind to catch up. Unless we act quickly, we shall irretrievably end up creating a monstrous system in which there will be room only for two profoundly different world classes. We believe that the dizzy speed of events in the world today calls for more rapid and specific responses and that problems should be approached with cosmic vision which takes into account both scientific and technological progress and the overriding essence of humanity. The use of palliatives will only delay the outcome of the drama.

Thus, while warning the industrialized countries, we wish to do the same for our brothers from the third world. Our concern during this fifth session of the Conference is to place the problem within the following context: is it worth continuing this exercise in the same way as we have done until now, or should we establish a new perspective or strategy for relations between developing and developed countries? To what extent has the developing world's capacity for initiative and creativity been stimulated or weakened by this type of frustrating dialogue?

These are three points which should be clarified, according to the Minister for Foreign Affairs of Peru, Mr. Carlos García Bedoya. What we are engaged in must not become a sterile exercise in which all we achieve is a delay in action that the developed countries could take in order effectively to accelerate the development of our peoples, and, worse still, a reduction in the developing world's own capacity for internal action. In other words, we ourselves could be losing a much fresher and more active impetus which we could be increasing in another way if we were not constantly confronted with this wishful thinking or illusion that we shall be able to achieve the goals we have set through North-South dialogue and co-operation.

Three years after the adoption of the Integrated Programme for Commodities, and five years after the Tokyo Declaration on multilateral trade negotiations, the international community cannot be satisfied with the progress achieved. As the Minister for Foreign Affairs of Peru said a few days ago, "the lengthy exercise in which the developing countries have been engaged in UNCTAD during the past 15 years cannot be said to have achieved any steps which might give the impression

that prospects are brighter, that a favourable path has been found which will unerringly lead to new understanding between developed and developing countries so that genuine progress may be made towards a solution for the most pressing development problems".

Obviously, the responsibility now before us is to break this vicious circle in which we are caught without hope of release. The developing countries cannot continue an exercise which makes so many demands on our capacity, our efforts and our imagination and yields such paltry results.

The time has come to give UNCTAD a really effective impetus in order to break this deadlock—an undertaking to act without the customary reservations and without the generalizations which can subsequently be interpreted in many different ways. In other words, we must clearly decide what objectives we are pursuing and what measures we are to discuss. There is an evident feeling that the way in which the objectives are set has become somewhat abstract, with the result that negotiations are becoming bogged down because of a lack of precision in the agreements adopted.

Experience has shown that, in addition to the efforts made in negotiations with the industrialized countries, there should be a parallel exercise to develop genuine forms of co-operation among developing countries. Although it is true that such co-operation has already been outlined, in particular at the Conference on Economic Co-operation among Developing Countries, held at Mexico City in 1976, and been given priority in the Arusha Programme, it has not yet materialized. It is for the third world to reactivate the machinery for horizontal co-operation, so that it can begin to operate autonomously without being dependent upon the negotiation process in the North-South dialogue. And I should like to make it quite clear that our emphasis on South-South co-operation does not mean that we are abandoning our just aspirations vis-à-vis the industrialized Powers in the North-South dialogue.

It is my delegation's opinion that neglect by the third world of more extensive and effective co-operation has restricted its capacity to seek alternative sources for improving its trade, its access to scientific and technological information, and its opportunities to attract resources: in short, all those things it has requested of the developed nations without notable success.

In this context, effective co-operation could be achieved in the field of commodities and thus enhance our capacity for negotiation with consumers. Systems such as the exchange of trade information would enable us to overcome certain discriminatory practices or certain prejudicial trade clauses. Furthermore, we are considering the establishment of consultancy enterprises for the purchase and sale of products of interest to developing countries. In this field of technical consultancy there are unexplored opportunities for exchanging both national and regional experiences. In respect of sea-borne trade, we suggest the creation of shipowners' associations with a view to the establishment of protection and indemnity clubs to cover civil liability risks.

What has been done within the Andean Pact, the Latin American Economic System, the Andean Reserve

Fund and the Latin American Monetary Fund, all supported by Peru and welcomed by the brother countries of Latin America, constitutes a tangible expression of the substantial and positive achievements which such a course can offer us.

In the area of trade, there are enormous opportunities for concerted action, both to promote increased trade between developing countries and to establish specific types of rules in international trade relations. The global system of trade preferences between developing countries is an instrument that we should make operational as soon as possible.

Another field which offers countless possibilities for horizontal co-operation is that of science and technology. A scientific and technological information network would make possible trading on the basis of similar experiences and the rational utilization of resources.

In any event, and without going into details, the Peruvian delegation considers that there can be no further delay in implementing co-operation programmes among developing countries. Such a delay is disadvantageous to the developing countries, not only because they are rejecting an attractive alternative but also because they are wasting their energies on a negotiation process in which all they do is state their just claims.

There are grounds for thinking that, if we stake all our efforts on the North-South dialogue, we shall be limiting our opportunities and wasting our efforts without obtaining the desired results.

The fifth session of the Conference should be the starting-point for two courses of action: on the one hand, the strengthening of negotiations between developed and developing countries, with the unequivocal objective of establishing a new international economic order, not as a Utopian panacea but in order to achieve genuine changes; on the other hand, the affirmation by the third world of its undertaking to develop effective forms of horizontal co-operation.

In both cases it is evident that, although they overlap, these activities should not lose their autonomy. We are convinced that, unless we can increase the current momentum of negotiations between the poor and the rich, the entire efforts of so many years will have been among the most useless ever undertaken by all the nations of the world.

We believe that the way to extricate ourselves from this dilemma is to strengthen the links between the nations of the third world—a revitalization that will not only provide an opportunity for establishing joint positions in forums such as this but will also make it possible to implement specific programmes, ranging from the establishment of the council of associations of developing country producers and exporters of raw materials to the creation of multinational marketing enterprises in the third world.

We believe that, in order to do this, the developing countries should organize their own technical infrastructure which will enable them to plan their development and co-operation programmes.

Before concluding, I should like to point out that nothing can have a greater or more adverse effect on two thirds of the human race than the fact that periodic meetings in forums such as this give the impression of a dialogue that is being repeated with only slight variations as the years go by. We have been dealing with these subjects in UNCTAD for 15 years now and the only changes have been in approach; the results have remained at the same frustratingly low level.

**Statement made at the 165th plenary meeting, on 18 May 1979, by Mrs. Imelda Romualdez Marcos, First Lady of the Philippines, Governor of Metro Manila and Chairman of the Philippine delegation**

*The liberation of man by man*

We are all agreed that it is with a sense of urgency that we approach the fifth session of the United Nations Conference on Trade and Development in a hopeful and optimistic spirit. There is no other way to approach a Conference which has such crucial implications for the attainment of a better life, a better world, for the vast majority of mankind. Our grand vision of a world at peace must rest ultimately on a single question, namely, whether the human race can long endure a grave and deepening division between rich and poor.

A great leader of men, Abraham Lincoln, once said that "a house divided against itself cannot stand". As we near the end of this decade, that striking question must be addressed to the house of man. The answer is of course obvious: it is no longer tenable for a fragment of mankind to survive at the expense of the majority. The house of man is one and indivisible, however much we may assert our differences. I believe that this sense of oneness, the recognition of interdependence, pervades the fifth session of the Conference, that above the issues which divide us is a purpose that unites us.

It is for this reason that I shall not be presenting mainly the Philippine position. This is already clearly defined in our adherence to the Arusha Programme. I shall be addressing myself instead to our common attempts at resolving the crucial issues before us.

Through the years, we in UNCTAD have steadily demonstrated that, notwithstanding the conflicts and cross-currents of interests of nations and blocs of nations, we can rise above them and identify the crucial issues and find common areas for agreement and action. In various degrees of commitment, our distinguished speakers have nonetheless underscored urgent matters and proposed strategies to attain vital objectives.

The Secretary-General of UNCTAD, Mr. Gamani Corea, with characteristic incisiveness, specified all the possible—we might say necessary—areas of agreement. Earlier, despite limitations in substance and implementation, we had reached certain agreements: the GSP, the Code of Conduct for Liner Conferences, the International Sugar Agreement, adjustments of bilateral debts of the poorer countries, official aid targets, the Charter of Economic Rights and Duties of States, and special measures for least developed, land-locked and island developing countries.

Peru's message is that, on the threshold of the 1980s, such poor results cannot be offered in exchange for such tremendous efforts.

Our contribution in terms of imagination and confident action may be the viable alternative which will enable us to find the speedy solution that will bring us closer to a more just world from which we can banish the kind of poverty and oppression which afflict two thirds of the human race.

Deserving of our attention is the exhortation of President Jimmy Carter to the fifth session of the Conference "to eliminate poverty". This is the translation of the American dream in a global context. The question, however, is whether we can proceed from slogans to programmes. I believe that we can. In any case, we must.

The breakthroughs and basic agreements we have reached in the basic elements of the Common Fund, as the key instrument in the establishment of the Integrated Programme for Commodities, offer us a golden opportunity to make the move from slogans to programmes.

As a specialized financial institution for commodity stabilization and development, the common fund can make significant contributions to the economic advancement of developing countries. Through the operation of both the first and second windows, the Common Fund will give the countries of the developing world a buffer and cushion against wild fluctuations in the prices of their commodity exports. At the same time, it gives them the stability and platform for weathering the economic cycles that frustrate their attempts to real development. The first window of the Common Fund will finance the establishment of international buffer stocks and international co-ordinated national stocks which would defend prices at remunerative levels in periods of surplus and prevent excessively high prices when supplies are short. The second window will finance measures such as research and development aimed at improving structural conditions in commodity markets.

We pay high tribute to Austria, Sweden, Finland, Belgium, Norway, Malaysia, other ASEAN countries and others that have mustered the political will to pledge specific amounts to the second window of the Common Fund. We likewise commend those countries that have shown the political determination to affirm their pledges to the Fund.

The Philippines, in the same spirit, reaffirms its commitment to the early implementation of this key instrument of the Integrated Programme for Commodities. We hereby pledge to allocate to the second window \$25 million of the \$50 million pledged by the Philippines.

We urge that the Fund's articles of agreement be concluded and ratified before the end of 1979. At the beginning of 1980, the Fund should commit its resources to other measures enumerated in Conference resolution 93 (IV), particularly the improvement of procedures for information and consultations on market conditions of primary commodities of interest to developing countries. These measures should aim to promote conditions of equilibrium between supply and demand in expanding world commodity trade.

To bring the Common Fund much closer to realization, my delegation proposes that the Secretary-General of UNCTAD should expedite preparations, including documentation, for the Interim Committee meeting to draft the articles of agreement.

Since our last session, in Nairobi, there has been a deepening of the crisis in international economic relations. The most protracted economic recession in the history of the developed countries continues. Unemployment is rising steadily. In the developing countries, there has been a slowing-down of economic growth, a widening of payments deficits, and an increasing external indebtedness. The deteriorating economic situation has aggravated the inequality between developed and developing countries as the latter have had to bear a disproportionate share of adjustment to the world crisis.

In the 1970s, the economic gap between developed and developing countries has grown by a ratio of 40 to 1; and individuals in the rich nations would be 13 times better off than their counterparts in the poorest nations. The growth rate of GDP of developing countries in 1970-1975 was 5.5 per cent, which was short of the 1970-1980 target of 6 per cent. The stark reality is that, in developing countries, millions live on incomes averaging \$70 annually, and for two thirds of mankind the increase in per capita income in real terms has been less than \$1 for the last 20 years.

The Malthusian spectre still haunts the world. The growth rate of population of developing countries has exceeded that of food production. This condition holds true in Latin America, South and East Asia, and Africa. The immediate consequence is hunger and malnutrition and the inevitable dependence on developed economies for food imports. Given the importance of foreign trade to meet the most basic need for food, the trade performance of developing countries is therefore crucial. It means the very survival of nearly 2 billion people. But the trade of developing countries has not provided the required foreign exchange to pay for that survival. The purchasing power of their exports has fallen by 3 per cent per annum during the decade. Consequently, the volume of vital imports needed for growth has considerably declined. The Common Fund offers the means for that survival. There are many other corollary and complementing measures we need to adopt to bring about the new international economic order which all nations, developed and developing, agree is necessary and desirable.

We have to pay serious attention to the developing countries' increased exports of manufactures and semi-manufactures, so that the Lima target of a 25 per cent share by developing countries of the global industrial

output and a 30 per cent share in world trade in manufactures and semi-manufactures may be reached by the year 2000. We have to stem the growing tide of protectionism that is stifling the growth of developing countries and preventing developed countries from rectifying structural weaknesses in their economies.

In connection with the GSP, it is necessary to extend its coverage to more developing countries and to more of their export products. Given the system's expiry in 1981, it is incumbent on the fifth session of the Conference to extend it and to invest it with a legally binding character. We urge the developed countries to make the GSP a permanent feature of their trade policies.

The uncertain benefits for developing countries of the recently concluded Tokyo Round of multilateral trade negotiations within the framework of GATT must be analysed so that we can determine to what extent the agreements in the Tokyo Declaration have been fulfilled. We must remedy the stagnation and reverse the decline in the growth of concessional flows so that more effective resource transfers can go to developing countries. The situation is such that concessional flows were just over \$8 per capita by the middle of the decade for all developing countries, and lagged far behind non-concessional flows, which nearly trebled, from over \$8 to more than \$20 per capita.

A welcome change in recent years in development assistance has been the emergence of developing OPEC countries which have transferred 3 per cent of their GNP to other developing countries, two thirds being concessional flows. In this context, tribute must be paid, too, to a notable minority of developed countries which have exceeded the ODA target of 0.7 per cent of GNP, namely, Sweden with 0.99 per cent, the Netherlands with 0.84 per cent, and Norway with 0.82 per cent.

A priority item on the global agenda is the resolution of the energy crisis. The cost of the energy imports of many developing countries now exceeds 15 per cent of the cost of total imports. In a few cases, it represents nearly one third. Today, energy imports come second to imports of machinery, and even exceed imports of food. Nearly \$30 billion a year are currently invested in oil and power development alone. This amount accounts for more than 16 per cent of scarce capital available for development needs. In keen awareness of this problem, the General Assembly has scheduled a United Nations conference on new and renewable sources of energy in 1981. The convening of this conference is to be welcomed, for, while known world sources of fuels are generally sufficient, these do not ensure against shortages and high prices. Because of their balance of payments difficulties, many developing countries have to give increased attention to energy and mineral resource exploration. There is, however, the need for concrete measures for the transfer of relevant technology to developing countries that entail institutional innovations and financial support.

In this context, we propose the early establishment of an international energy research institute within the United Nations system. It is envisioned that this would promote the development and utilization of new and renewable sources of energy with a view to meeting

energy requirements of developing countries. Our experience in the International Rice Research Institute, which has launched the green revolution in Asia, gives us ample reason to hope that the international energy research institute will be a worthy undertaking.

The concept of ECDC is a major underpinning of the new international economic order. The decision of the Group of 77 in Arusha to adopt and implement the first medium-term plan of action for global priorities on ECDC is one more concrete step to realize the strategy of collective self-reliance that is implicit in the concept. The plan recognizes the need for developing countries to formulate and implement economic co-operation at the subregional and global levels. Priority is given to strengthening existing schemes of economic co-operation, following the principle of mutuality of interests.

For the least developed countries, we have already adopted a programme for the implementation of our commitment to provide \$500,000 for technical assistance. In this context, we are ready to offer our facilities and expertise in the field of food production and agricultural technology.

Our experience in ASEAN in instituting trade preferences and industrial complementarity gives valuable guidance for similar programmes of economic co-operation. It has also been recognized that one way of alleviating severe problems of rising protectionism in developed country markets is the development of trade between countries of the developing world. Complementary financial arrangements, such as a third world payments system, have to be set up as a form of financial co-operation to mobilize the resources of developing countries. The developed countries and the organizations of the United Nations system should give strong support to concrete measures contained in the plan of action.

At the fifth session of the Conference we must join hands in a bold act of creation. With its enhanced negotiating responsibilities, the machinery of UNCTAD should be strengthened for this task. We therefore call for political endorsement and affirmation of the role of UNCTAD as the main instrument of the General Assembly for negotiations and follow-up action in the field of international economic relations. UNCTAD should be provided, furthermore, with a level of resources commensurate with its responsibilities and the necessary degree of autonomy and flexibility in its administrative and financial operation. Changes in the mode of operation of UNCTAD call for new and innovative methods of work, such as special task forces to deal with problems arising in the course of negotiations and high-level missions which attempt to resolve issues, expedite negotiations and render the intergovernmental work in UNCTAD more effective.

The secretariats of UNCTAD and OECD should establish a continuing mechanism for consultation. UNCTAD is more than the debating forum that is visible to the public. Above all, it is a movement to restructure the state of economic relations; its influence has already drastically changed the concepts and ideas of our times. It is a secretariat as well, dedicated to study the intricacies, problems and solutions that determine

the poverty and wealth of nations. I ask you to give it all the support it requires.

Taking stock of the points we have covered in this statement, I am certain that not all of them can be readily resolved in Manila. Hence the need to pursue the initiatives that may be agreed upon through mechanisms we have to establish. Nevertheless, we are confident that agreement will be reached in the following areas:

1. Early conclusion of the articles of agreement on the Common Fund and its implementation;
2. Extension of the GSP beyond 1981 and investing it with a legally binding character;
3. Advancement of co-operation among developing countries, particularly in the fields of food production, trade, investments and technology;
4. Technical and financial support of meetings among developing countries under the auspices of UNCTAD;
5. Code of conduct on the transfer of technology;
6. Code of conduct for liner conferences;
7. Code on restrictive business practices;
8. International modalities for future action on debt problems;
9. New programme of action for the least developed, land-locked and island developing countries;
10. Strengthening the role of UNCTAD as the main instrument for the negotiations and follow-up action in the field of international economic relations;
11. Framework of understanding on trade in the light of the industrialization of developing countries;
12. Additional financing for structural adjustment in developing countries in export promotion.

The fifth session of the Conference marks a fateful juncture in mankind's march to progress. It should usher in structural changes leading to the establishment of the new international economic order. More than just a vision in our minds, the new international economic order represents a practical call to action, an appeal, as it were, to the enlightened conscience of mankind to effect a peaceful transition to a new system of justice and equality.

The call for a new economic order is an urgent imperative of our time. It is an act dictated by history. It is a response to a deepening economic crisis affecting both developed and developing nations, a crisis that is the result of an old order that no longer works. Its objective is to correct existing inequalities, not by destroying but by building on the advances already made in the total global effort. In like manner, the concept of interdependence has become an imperative in the relations of people within communities. We all need the same things—livelihood, water, food, recreation, a sound environment, clothing, education and culture, mobility, power, health and medical services.

We are here today concerned about the future of mankind because of our uniquely human capacity to adapt to change. Our civilization is a testament to the intelligence and the human will to survive and prevail. Unlike our dominant predecessor, the dinosaur, which for all its strength became extinct because it could not survive the changing environment, we pride ourselves

on being creatures of change. For centuries, our race has applied its ingenuity to the subjugation of nature and even its kind so that we speak of the era of the ex-

ploitation of man by man. Now, our times demand of us a new direction for the exercise of our political will: the liberation of man by man.

**Statement made at the 153rd plenary meeting, on 10 May 1979, by Mr. Jerzy Olszewski,  
Minister of Foreign Trade and Shipping of Poland**

On behalf of the Polish delegation, I would like to extend warm greetings to the participants in this fifth session of the United Nations Conference on Trade and Development. It is with great satisfaction that I would like to congratulate General Romulo on his election to the presidency of this important gathering. I would like also at this juncture to congratulate all the members of the Bureau on their election. We have been deeply impressed by the keynote address delivered by President Marcos at this fifth session of the Conference. We shall also bear in our memory the warm and profoundly humanitarian words contained in the welcoming speech of the First Lady, Mrs. Marcos.

We have come to the charming and hospitable city of Manila from all corners of the world in order to discuss a number of problems and to consider measures that would draw us nearer to the elaboration of just and effective principles for international economic co-operation, co-operation aimed at the betterment of the standards of living of the inhabitants of the earth. This goal will not be at all easy to achieve and we all probably realize how great are the needs and how difficult are the problems with which the Governments of nearly all countries of the world are confronted in their efforts to develop the economies of their countries and to satisfy the aspirations of their nations. The tasks with which we should deal are therefore enormous and highly complex.

Against this background, we witness with great apprehension the growing expenditure on armaments, which is now reaching several hundred billion dollars. We therefore stress with the utmost force the need for the nations of the world to devise an urgent solution to this issue on the basis of the concrete proposals put forward in different forums by the USSR and other socialist countries. Global *détente* and a halt to the arms race are indispensable preconditions for the development process to reach all the corners of our globe. We must secure conditions under which mankind could be freed from the menace of destructive wars and on the basis of which the nations of the world could co-operate peacefully with each other.

We believe that UNCTAD, as a universal organization that brings together countries with different social, political and economic systems, constitutes the proper forum for consideration of a whole range of problems connected with the development of trade and economic co-operation among nations. It should build up operational instruments that serve this purpose and at the same time take into account the interests of all the member countries. UNCTAD should also take into consideration the diversity and specificity of various economic and social systems and the specific features of their operation. It is necessary to construct a basis and to create conditions for beneficial and universal co-

operation among nations, free from discrimination and based upon equitable principles.

UNCTAD should also provide for the possibility of an exchange of experience in resolving economic problems among countries that apply various approaches to the solution of these problems.

As you are probably aware, Poland emerged from the Second World War as the country in the anti-Nazi coalition that had suffered the greatest destruction. My country lost in the war over 6 million of its citizens, i.e. over one fifth of the population of the country, including the majority of qualified personnel and of the intelligentsia. Almost 40 per cent of the total national wealth perished in the war, and in 1945 Poland started its development process with the national income at less than two fifths of its 1939 value. Our starting point was therefore not very different from that of many developing countries, and the destruction of physical assets and its concomitant effects were such that some of these effects are being felt even now.

After the Second World War, our nation was strong-willed enough to shake off this tragic and unimaginable catastrophe. As a result of socio-economic changes that we effected when embarking on the socialist path of development, Poland quickly recovered from the depredations of the war and rebuilt fully its economy—or, more precisely, built this economy almost anew. In this difficult period of reconstruction, the assistance extended to our nation by the USSR was invaluable. This aid took the form of deliveries of necessities and equipment and the supply of experts who helped us to put our industry and transport into operation. At the same time, extensive economic co-operation between Poland and the USSR and other socialist countries was initiated—co-operation based upon new principles inherent in the socialist socio-economic system. This co-operation, later institutionalized in the form of CMEA, constituted a foundation for the stable development of the Polish economy in all its sectors. This co-operation was applied not only in the physical sphere but also in the very important domain of experience in resolving social and economic problems.

The main effort, however, has been undertaken by our own nation, which, as a result of constant and intensive mobilization of its own resources, achieved the development success in which we all take pride.

In the post-war period, the national income of Poland has increased sevenfold and the share of industry in its generation has grown from 26 per cent to 53 per cent. For example, the output of our principal natural resource—coal—is now five times greater than in 1938, having reached 200 million tons annually, that of electric power is 27 times greater, that of steel 13 times



greater and that of machine tools 18 times greater. Expressed in constant prices, Poland's foreign trade has expanded thirteenfold in comparison with the pre-war period, and the share of manufactures in exports, which in the last few years of the pre-war period constituted only 14 per cent, and was more or less at the level achieved by developing countries today, has now reached 70 per cent. The economy of the country has therefore been completely restructured, and Poland has been transformed from a primary commodity producer on the periphery of the capitalist system into an industrial country.

This does not mean that the development of the Polish economy has occurred without any strain. The massive development effort that we undertook and that we have intensified further in recent years could not but create certain hardships, including some temporary balance-of-payments problems. In this respect, our experience is similar to that of many developing countries.

That is why we support in principle the pursuit of structural change that constitutes the backbone of the Arusha Framework for Negotiations. We realize that, on many issues connected with the restructuring of international economic relations, our position coincides with that of developing countries. We are ready to contribute, in co-operation with these countries, to the further development of the concept of structural change and at the same time to share with them our experience in this respect, without in any way seeking to impose it on anybody. We look, in particular, for a fruitful discussion on the need for reshaping the international division of labour in such a way as to accommodate the emerging industrial potential of both developing and socialist countries. The interests of these groups of countries are common in this respect, and that refers not only to the need for a change in their international specialization but also to the counteracting of the growing wave of protectionism.

We firmly believe that the fundamental principle upon which UNCTAD was established, namely, that of universalism, is a prerequisite for any successful restructuring of the pattern of world economic relations. The change for which we all strive cannot, however, be self-centred. It is indispensable that, in the process of change, all distinctive features of various socio-economic systems should be taken into account and respected and that the needs of all participants in international economic relations should be favourably considered. It is also necessary that all participants should honestly desire to assist each other. Co-operation on this basis can develop only in an environment in which the interests of all parties are treated in an equitable way. We would like UNCTAD to create such an environment and we are certain that, under these conditions, it could effectively discharge its duties.

We share the developing countries' contention that there exist inequalities in present-day global relations and that the old order has tended to accentuate rather than to alleviate them. We do not, however, believe that the old inequalities should be superseded by new ones and that, in a restructured pattern of international economic relations, elements of discriminatory treatment should be in evidence. We are also disturbed by

the notion of a new type of inequality of treatment being institutionalized within an interminable time-frame. We cannot be so pessimistic as to assume that what is now considered to be the developing world is condemned to remain for ever among the underprivileged. Developing countries' efforts based upon the principle of self-reliance and supported by a more favourable external environment will surely lead to their economic advancement in the family of nations. While expressing our support for more favourable conditions for the development of developing countries, we at the same time consider that the benefits from the preferential treatment to be embodied in the new structure of international economic relations should serve the working masses in these countries.

We look at the Arusha Programme for Collective Self-Reliance and Framework for Negotiations as a programme for increasing the independence of developing countries and shaping a more favourable external environment for their development. We therefore support all the progressive and just demands contained in that document. We consider the principle of collective self-reliance to be a positive new feature of the developing countries' drive to gain a better position in the international economy in so far as it reflects these progressive and just goals. It is important that co-operation among developing countries should also serve global aims. If this issue is to constitute a part of the activities of UNCTAD, it should be discussed and implemented with the participation of all interested members of the organization.

Our experience of co-operation within CMEA, which represents a new institutional model of international co-operation, is an emphatic example of how, on the basis of mutual assistance and co-operation, not only can the process of economic development be accelerated and the economic independence of co-operating countries strengthened, but also the differences in levels of economic development can be narrowed.

The Arusha Framework for Negotiations acknowledges that "a new dimension in a restructured international economy exists in the field of trade and economic co-operation between the developing countries and the socialist countries of Eastern Europe and these important links should be nurtured and further strengthened".

We share the view that trade and economic co-operation between socialist and developing countries should constitute an important element of the restructured world economy, although, in the interrelated world in which we all live, we cannot artificially separate this sector of international economic co-operation from that of collaboration between East and West, since these two flows of trade and economic relations are closely interlinked and each influences the other. We are interested in the further expansion of trade and economic co-operation with the developed capitalist countries under conditions of more liberal exchanges, free from any discriminatory and protectionist measures. Therefore we deem it appropriate that UNCTAD should keep both these flows of co-operation under consideration because they are inseparable and each determines the form the other takes.

At the same time, structural change in world economic co-operation must, as I have already stressed, take into account the differences in the mode of operation of the economies of countries having different social and economic systems.

I would like at this juncture to reiterate that, although we extend economic and technical assistance to developing countries within the scope of our possibilities, the model of economic co-operation between Poland and developing nations cannot be based upon the transfer of resources. Such a model does not fit into the mode of operation of our economy, nor is it justified from the historical, political or socio-economic points of view. We reject in this context the concept of joint or collective responsibility of the community of nations for the current development difficulties of developing countries.

We are deeply convinced that co-operation between Poland and developing countries should be based upon three basic premises: that both parties should be interested in such co-operation, that both should derive benefit from it and that each should refrain from imposing its will on the other. Such co-operation in trade and industry, undertaken within the framework of long-term arrangements that would stabilize economic relations and based upon long-range programming of mutual production and export specialization, could establish lasting conditions for the strengthening and development of mutual economic links.

I have the honour to announce that my Government has recently laid down guidelines for a 10-year programme of co-operation with developing countries which is based upon a concept of "partnership for development". For the first time, these guidelines are not only applied to trade, as was the case in the past, but also provide for the comprehensive development of co-operation between Poland and developing nations in the fields of industry, science, technology and culture. For the first time, also, the guidelines go beyond the five-year period that is customary in our planning process. The period for which the guidelines apply conveniently coincides with the Third United Nations Development Decade. They stem from the deep interest in expanding collaboration with developing countries that has constituted one of the fundamental principles of our foreign policy. The guidelines in question envisage the doubling of Poland's trade with developing countries every five years in the Decade and provide for a constant increase in our imports, and for account to be taken, in our long-term investment and production planning, of the growing export potential of developing countries.

The whole economic administration and all organizations and institutions will be engaged in implementing the programme for which the guidelines have been laid down. We put particular stress on co-operation with developing countries on the basis of comprehensive agreements, under which we are ready to assist in establishing investment projects there in an integrated way including, for example, exploration of resources, pre-investment and feasibility studies extending up to the manufacturing stage of a given product. We are at the same time willing to import goods produced in the

context of projects implemented with our assistance. We might also base trade upon long-term intergovernmental agreements that would stabilize flows and would assure our partners of the necessary outlets for their exports as well as providing needed supplies without the disturbances that frequently characterize the situation in the international markets nowadays.

I am sure that the expansion of Poland's economic co-operation with developing countries on the basis of the guidelines I have mentioned will lead to a change in production and trade patterns that reflects the need for the restructuring of international economic relations called for by the Arusha Framework for Negotiations. We expect that our concept of co-operation will encounter interest on the part of our partners and that developing countries will create optimum conditions contributing to its implementation.

We appreciate the special situation in which the least developed among the developing countries find themselves and the additional effort that the international community should make to assist them in breaking the vicious circle of their underdevelopment. We believe, however, that that situation has no perennial structural causes which would petrify the present economic position of the least developed countries for ever. We are convinced that a determined effort by the least developed nations themselves, combined with a more favourable external environment for their advancement, could lead to a rapid improvement in their economic position. It is in this spirit that my Government has taken an important decision to exempt from customs duties of any kind all goods imported into Poland from the least developed countries. We hope that this significant step towards satisfying the least developed countries' demands for specific measures in their favour will create new possibilities for the expansion of their exports to my country.

We are taking or have taken other steps to assist developing countries, and in particular the least developed among them, to overcome their development difficulties. As lack of qualified personnel is one of the most important barriers to economic and social progress in these countries, my Government has decided to increase substantially the number of students we could admit to our universities and the number of scholarships we could grant them. We are likewise ready to provide a greater number of our experts in such fields as planning, education, health services, geology and engineering in order to aid the developing and the least developed countries in their economic and social development.

We are attending the fifth session of the Conference which, *inter alia*, should adopt recommendations on the future role of this organization and of its secretariat. We certainly favour increasing the effectiveness of operation of UNCTAD through the improvement of its efficiency, including the improvement of the ratio between financial inputs and UNCTAD output.

We consider that, for the implementation of its future tasks, the machinery of UNCTAD should not be significantly expanded and that we should approach with great care the issue of establishing new UNCTAD

bodies. We are of the opinion that the streamlining of its existing operations could lead to a greatly improved output without any additional and more substantial budgetary allocations being required. At the same time, we maintain our firm stand that UNCTAD must retain the universalist approach to resolving the world's trade and development problems that was set out in General Assembly resolution 1995 (XIX) and that constitutes the corner-stone of all its activities. To neglect the principle of universality would weaken UNCTAD and would pre-

vent the organization from discharging its appointed tasks.

In concluding, may I say that, having expressed our position with respect to the main issues of interest to the fifth session of the Conference, we shall contribute positively and constructively to the proceedings of the Conference, the outcome of which should serve the interests of the whole international community, and particularly those of developing nations.

**Statement made at the 155th plenary meeting, on 11 May 1979, by Mr. Abel Repolho Correia,  
Minister of Trade and Tourism of Portugal**

I should like to begin by expressing our gratitude to you, Mr. President, for the most efficient way in which you, as representative of President Marcos and the Philippine Government, have organized the fifth session of the United Nations Conference on Trade and Development, thus providing us with the necessary conditions for full and fruitful participation in the Conference's work. I should also like to convey our warm greetings to our host, the Philippine people, with whom we Portuguese have for centuries maintained fraternal relations of friendship and fellow-feeling.

May I also take this opportunity to express my appreciation to Mr. Gamani Corea, Secretary-General of UNCTAD, and to the secretariat of the Conference for the care which they have put into its preparation and which will certainly contribute to the achievement of the positive results for which we all hope.

My country warmly welcomes the holding of a further session of the Conference, in the hope that it will promote closer co-operation and solidarity among the many countries present here; this co-operation must take the form of a genuine effort to resolve the problems directly affecting the developing countries.

Portugal is particularly sensitive to this situation, being a country which is at an intermediate stage of development, between the more developed nations of southern Europe and the more industrialized developing countries, and which is grappling with problems of an essentially structural nature.

In addition, our economic situation is characterized by a current account deficit which in 1978 amounted to approximately 7 per cent of GDP, with exports covering only 47 per cent of imports, an inflation rate of the order of 20 per cent and an unemployment rate of about 8 per cent.

Therefore, without ruling out greater participation in international economic development, we need to ensure compatibility between our growth policy and a medium-term stabilization policy aimed particularly at bringing our payments back into balance so as not to increase the volume of external debt—\$5.4 billion in 1978—to levels which might adversely affect our creditworthiness abroad.

We accordingly take the view that one of the most important objectives of this Conference is the establish-

ment of conditions enabling such serious problems to be resolved. To this end, consideration will have to be given to the difficulties of small countries, such as ours, whose economies are affected by the international economic recession and by the shortcomings of the international monetary system. This makes it necessary to carry out a number of adjustments in order to provide these countries with the greater financial resources that would enable them to satisfy their just aspirations to become economically developed.

For these reasons, Portugal, which is situated in Western Europe and is currently negotiating the terms for its admission to the European Communities, views with favour the aspirations of the so-called third world States and the efforts they are making to establish a new international economic order.

Within the limits to which I have just referred, we are open to dialogue with the developing countries, particularly the least developed among them, with which our intermediate stage of development makes us especially disposed to co-operate.

Against this background, I should now like to refer briefly to the items on the agenda of the Conference which will be followed the most attentively by my country: developments in international trade, commodities, technology, shipping and co-operation with the least developed among developing countries.

With regard to international trade, we can say that we view the increase in world-wide protectionism with grave concern. Protectionism is being practised by countries at every level of development and is often imposed even in cases where the disequilibrium in the balance of payments or other disequilibria are not so serious as to warrant such action.

As a result of persistent balance-of-payments deficits, Portugal has, since 1975, on a strictly temporary basis, levied surcharges on certain imported goods and has practised an import deposit and quota system. This represents a departure from our traditions of trade liberalization dating back to the late 1950s.

However, my country is endeavouring to reduce these deficits without resorting to further protectionist measures. Thus the import deposit was abolished at the end of 1977, and the surcharges and the quota system will be phased out gradually.

With regard to the Integrated Programme for Commodities, I should like first to express my country's satisfaction at the success of the third session of the United Nations Negotiating Conference on a Common Fund, which is without doubt an important and tangible achievement in North-South relations.

As a net importer of commodities—not only for domestic consumption but also for some of its main export industries, including textiles, which account for one quarter of its total exports—Portugal clearly has every interest in ensuring that commodity trade takes place in conditions of stable prices at levels that are remunerative for producers and fair for consumers.

However, Portugal hopes that the situation of the countries which find themselves in the circumstances already mentioned will be duly taken into account during our discussions here in Manila.

Technology, as everyone knows, is one of the most important factors in development, but expertise and technology are unequally distributed in the world. It is therefore necessary to create conditions and pursue activities giving the less industrialized countries access to appropriate technology capable of speeding up their technical, economic and social development.

The adoption of an international code of conduct on the transfer of technology would certainly be one of the most important bases for shaping and clarifying the terms on which the international transfer of technology takes place, enabling the recipient countries to acquire technology on better conditions and in forms more suited to their needs. The code might also be an important aid for countries such as Portugal which already have internal regulations on the subject.

We believe that the code is likely not to slow down the international transfer of technology but, rather, to stimulate the flow of technology appropriate to conditions in the recipient countries by establishing a frame of reference for the countries concerned. In this connection, it might perhaps be worth while considering the establishment of a body which, without reviewing individual cases, might nevertheless oversee the implementation of the code.

As a developing country in the European context, Portugal hopes that the work of the Conference will result in the adoption of resolutions taking into account and encouraging the strengthening of the technological capacity of the developing countries and the acceleration of their technological transformation, irrespective of the region or subregion where they are situated.

With regard to shipping, we are ready to consider measures which would help to increase the participation of developing countries in world shipping and to analyse possible types of non-commercial competition that might restrict the development of national fleets. Such measures should not entail any increase in the average cost of transport and any solutions found should meet the transport requirements of both developing and developed countries.

My country considers that the impact of any measures relating to open-registry fleets should be carefully weighed beforehand; for that reason, it will lend its full support to efforts in that direction.

Portugal has recently commenced co-operation with developing countries as a result of the decolonization process which occurred in 1975.

So far, this effort at co-operation for development has concentrated mainly on low-income countries, with agreements being signed under which ODA has been rendered and the technological capacity of the countries concerned has been strengthened.

Portugal's support for regional development programmes has been reflected in the selection and partial payment of the expenses of Portuguese development assistance personnel working mainly in education, air transport and agriculture, the granting of fellowships, the organization of training courses, the dispatch of technical missions and the provision of emergency assistance in the form of food and medicines. At the multilateral level, the technical assistance provided in co-operation with FAO, UNDP and ICAO, which also comprises the assignment of development assistance personnel, should be noted.

Portugal is conscious of the economic crisis it is currently experiencing, which has necessarily affected its efforts at co-operation with the least developed countries. Despite this constraint, Portugal will endeavour to increase such co-operation and to extend it to other countries, on the basis of the principle of fraternal relations founded on equality and mutual respect.

I should like to conclude by expressing a wish regarding the role of UNCTAD, not only as far as this Conference is concerned but also for the future. As my country sees it, the strengthening of the role played by this United Nations body in the dialogue between developing and developed countries requires a concerted transformation of its existing structures and also depends on the understanding and capacity for agreement among States, the effort made to establish a constructive dialogue and the will to retreat from excessively rigid positions.

**Statement made at the 149th plenary meeting, on 9 May 1979,  
by Mr. Abdel Rahman Hamad Al Attiah, Ambassador and Permanent Representative of Qatar  
to the United Nations Office at Geneva**

I should like to begin by offering my sincere congratulations to you, Mr. President, on your election to the presidency of this important international conference which, through the results of its work, will set

the tone for the economic and social welfare of the entire international community in the Third United Nations Development Decade. Please allow me also to congratulate the other members of the Bureau, who will

certainly be of great assistance to you in handling the affairs of this international gathering. We should like also to thank the hospitable State of the Philippines for the splendid organizational arrangements which it has made in order to create a successful atmosphere for negotiations between the various groups. I would also take this opportunity to express our gratitude to the Secretary-General of UNCTAD for his commendable efforts to enhance the image of UNCTAD as a forum which echoes the voice of the developing countries.

Half a decade has already elapsed since the unanimous adoption, at the sixth special session of the General Assembly, of the two resolutions relating to the establishment of a new international economic order which would be more equitable and just to the developing countries than the present system, the elements and resources of which are geared to satisfying the requirements of the industrial countries.

The era following the adoption of those two resolutions witnessed the convening of numerous international conferences and gatherings, such as the fourth session of the United Nations Conference on Trade and Development, at Nairobi, the declared aim of which was the implementation of those resolutions in a manner consistent with the development objectives to which the disadvantaged countries of the third world were aspiring. That era also witnessed the North-South dialogue, in Paris, the first Conference on Technical Co-operation among Developing Countries, held at Buenos Aires, and other similar conferences.

In spite of those numerous international gatherings, however, the developing countries are still suffering from the continuation of aspects of the traditional economic order, such as the proliferation of protectionist measures imposed by the developed countries against the exports of the developing countries as a result of their inability to adjust to modern economic conditions. It should be borne in mind that, in the long run, the assiduous pursuance of protectionist policies will have disastrous consequences for the developed countries, which will find themselves in a deep economic recession unless they show sufficient flexibility and willingness to adapt.

The continuous shocks to which the international financial and monetary system has been subjected as a result of imported inflation and fluctuations in the exchange rates of major currencies, particularly those to which the currencies of the developing countries are pegged, and indecisiveness regarding the appropriate instruments of monetary and financial policy needed to remedy that situation, have led to confusion and a lack of confidence in the international monetary system. This, in turn, has had an adverse effect on the availability of the basic elements needed for the success of development programmes in the developing countries, particularly in the least developed countries, which are still suffering from high levels of external indebtedness resulting from the failure of the developed countries to implement the ODA targets specified in United Nations resolutions.

Everyone is aware of the profiteering role that is being played by the transnational corporations of the developed countries in connection with the transfer of

technology to developing countries by their imposition of extortionate and monopolistic prices to increase their own profits, without any regard for the development programmes formulated by the developing countries to improve their economic, social and environmental conditions, and in a spirit of utter indifference to the harsh living conditions of the peoples of the third world, who represent more than one third of the population of the globe.

The market situation recently created by those corporations, through their exploitation of a fall in oil production for various reasons in one of the oil-producing countries, is clear proof of their greed and of the manner in which they are constantly sucking the blood of the peoples of the developing countries, whether consumers or producers of that vital commodity.

In our view, the unhealthy aspects and the complexities of the present international economic scene can be attributed to the inequitable distribution of international economic decision-making power, and to the fact that economic affairs have been politicized by the developed countries in such a way as to realize their own ambitions, that is, by making their meagre assistance to the developing countries dependent on specific conditions whereby far greater material advantages accrue to the developed donor countries than to the developing recipient countries.

The exorbitant cost to the developing countries of shipping services, amounting to \$28 billion per year, reflects the manner in which economic institutional arrangements are structured so that the shipowners and transnational corporations of a small group of developed countries retain their control over current shipping activities, leaving the developing countries to play the purely passive role of a source of raw materials. The aspirations of the developing countries to establish their own merchant fleets and to exercise their legitimate right of transporting their goods on their own vessels and tankers can be fulfilled only through a manifestation of political will on the part of the developed countries, which possess the tonnage required for the ratification of or accession to the Code of Conduct for Liner Conferences, to allow the developing countries to increase their participation in international shipping.

The developed countries not only dominate the transport of a much greater tonnage than is generated by their own trade but they also maintain this domination in spite of their increasing inability to supply the shipboard labour needed for bulk shipping. Consequently, corporations have resorted to the device of transferring some of their investments in order to establish shipping companies in developing countries while at the same time registering vessels under so-called flags of convenience without giving an equitable share in the profits accruing from the shipping operations to the countries whose flags they fly or whose labour they use. The expansion of open-registry fleets has had an adverse effect on the competitiveness of the fleets of developing countries. The insignificant revenues received by the few developing countries which, under specific economic circumstances and constraints, have been forced to accept that system, represent little more than alms-giving on the part of the transnational cor-

porations, as compared with the vast profits they reap by using the flags of convenience of those developing countries.

At Arusha, we adopted a sympathetic attitude towards the difficult circumstances which some developing countries would have to face if they abandoned the system of flags of convenience. We also expressed our understanding of the adverse social effects on some of those developing countries as a result of their abandonment of the system of flags of convenience. All this was done with a view to maintaining the spirit of solidarity of the Group of 77, in which certain countries are constantly endeavouring to sow discord for the sake of their own interests.

In the context of ECDC, a new approach will eventually emerge whereby agreement will be reached on specific measures for the phasing out of flags of convenience, with due regard for the circumstances of the few developing countries whose interests might thereby be prejudiced.

Extensive use by transnational corporations of the transfer price system will weaken international efforts to restructure the present economic system. The imposition of transfer prices on the imports and exports of developing countries stems from the monopolistic nature of the transnational corporations and from the difficulty of monitoring their activities in the absence of generally recognized market prices. This is one of the main reasons for the drop in value of exports from developing to developed countries, and consequently for the unfavourable structure of their balance of payments.

The adoption by these corporations of the system of arbitrary transfer prices in developing countries hampers the serious efforts being made by those countries to establish a local industrial capacity capable of meeting local development needs. It should also be noted that the corporations are able to manipulate the cash balances of those countries by effecting their transactions in specific international currencies, thereby influencing the current accounts of the developing countries.

There is thus a need for co-ordinated international and regional measures to control the activities of transnational corporations in order to reduce the adverse effects of transfer prices. This necessarily implies that agreement must be reached on principles and rules for the curtailment of restrictive business practices and for an international code of conduct on the transfer of technology, which would be binding on all parties. Co-ordinated technological policies must also be established by the developing countries, within an appropriate institutional framework, to facilitate the discovery of fruitful forms of technological co-operation among the regional groups that are seeking collective self-reliance.

The efforts being made to formulate an international code of conduct for transnational corporations represent a significant step not only with respect to the curtailment of transfer prices but also in all the economic spheres to which the tentacles of these corporations extend.

We, the developing countries, are not seeking to break the bonds of technological dependence which so long shackled us to the industrial countries during the days of economic, social and cultural colonialism. Owing to our lack of technology and to our scientific, social and cultural backwardness, it will be a long time before we are able to free ourselves from the adverse effects of such dependence. What we are striving and aspiring towards is, with the assistance of the developed countries, to reduce this excessive dependence to tolerable and manageable proportions.

Our belief in the usefulness and effectiveness of technical and economic co-operation among developing countries derives from the basic fact that collective self-reliance is the best way of establishing an international economic system more responsive to the development needs of the developing countries. A proper utilization of the potential resources of the countries of the third world for the benefit of the countries of the third world would achieve the objectives established by the Group of 77 at its meetings at Manila, Colombo, Mexico City and, more recently, at Arusha.

This fifth session of the Conference comes at a time when the concept of collective self-reliance among developing countries has become widely recognized as a way of strengthening their negotiating power vis-à-vis the other groups. The Conference must therefore at this session go one step further and begin a new phase characterized by the adoption of specific measures and firm action concerning all aspects of co-operation among developing countries in the economic, technical, financial, monetary, technological and employment fields.

We call upon all the other developing countries to be confident of their abilities, to dismantle the attitudinal barriers erected during the era of backwardness and dependence, to give preferential treatment to developing countries and to make use of the relative level of technological advancement of some of them. My Government has done its utmost to further these lofty objectives, as can be seen from the financial flows to developing countries that have recently amounted to 20 per cent of the GNP of the State of Qatar, in addition to the assistance programmes designed to benefit developing countries and, in particular, the least developed among them. The regional and subregional co-ordination carried out in respect of industry, agriculture, production, marketing and employment and the bilateral and multilateral agreements concluded by the State of Qatar bear witness to our belief in the importance of the third world's own capabilities for the task of furthering the interests of third world countries and promoting the new international economic order, as envisaged in resolutions of the General Assembly of the United Nations, in the Manila and Mexico City declarations and programmes of action and, more recently, in the Arusha Programme for Collective Self-Reliance.

The issue of development and progress in the developing countries cannot be approached independently of the question of international peace and security. Similarly, co-operation and co-ordination among the members of the international community can be achieved only on a firm foundation of agreement and political



solidarity. The developing and the non-aligned countries have already laid down the basic principles that must be observed in order to achieve this solidarity, prominent among them being the right of peoples to self-determination and support for national liberation movements in their struggle against colonialism and occupation. Although a number of splendid triumphs in this field have been recorded in recent years, there are still many cases in which the forces of aggression and colonialism have been able to resist the peoples who are struggling for their freedom and sovereignty. These cases, which continue to create political complications for the peoples' liberation movements and frustrate the legitimate right of peoples to sovereignty and self-determination, have produced areas of tension and conditions of instability which, by and large, are obstacles and barriers to development and economic progress in such areas. In the Middle East and the Arab world, we are suffering the full effects of just such a situation, since the forces of colonialism and imperialism have succeeded in establishing an artificial Zionist colonial entity in the Arab land of Palestine and in supplying it with all the political, military and financial resources needed for its survival and continuity. That entity has managed to disrupt severely the entire process of progress, development and liberation in the region, thereby totally paralysing the aspirations of the Arab States to play their role and to place their economic and human resources at the service of their peoples and of the peoples of the third world.

**Statement made at the 159th plenary meeting, on 15 May 1979,  
by Mr. Tong-Jin Park, Minister for Foreign Affairs of the Republic of Korea**

Mr. President, before I begin my statement, permit me to associate myself with previous speakers in extending congratulations to you on your unanimous election to the presidency of the fifth session of the United Nations Conference on Trade and Development. I am confident that, under your competent guidance and benefiting from your rich experience in international affairs, this Conference will achieve a fruitful outcome. My congratulations also go to the Vice-Presidents and the Rapporteur for their election.

We had the privilege of listening to the address by President Ferdinand E. Marcos at the inaugural meeting, when he emphasized the need for vision and courage in order to achieve common prosperity for mankind, the rich and poor nations alike. This inspiring address has set the tone and has illuminated the path we are to tread at this Conference. My delegation also deeply appreciates the gracious welcome address given by the First Lady, Mrs Marcos, Governor of Metro Manila.

I would also like to extend on behalf of my delegation and on my own behalf our heartfelt appreciation to the Government and people of the Philippines for their warm welcome and hospitality and for the excellent arrangements made for this Conference in this beautiful city of Manila. I am delighted to see this session being held in the Republic of the Philippines, with which my

While noting the commencement of a new stage of co-operation and co-ordination, we cannot but realize that, despite a multitude of international resolutions and recommendations concerning the elimination of aggression and opposition to all forms of colonialism, we still lack the collective will to implement these resolutions.

On the international scene, the Zionist entity is still enjoying all the privileges and advantages of a modern State, while the struggling people of Palestine are subjected to attempts to terrorize and liquidate them by an Israeli leadership which is well versed in the methods of imperialism and direct colonialism. The call for the establishment of a new international economic order, based on the achievement of an equitable balance with regard to the relations and interests of States and peoples, loses its entire *raison d'être* if it is converted into a mere expedient for delaying the implementation of the resolutions and recommendations adopted in the United Nations with respect to peoples and areas in which there is a direct threat to international peace and security.

The whole issue of development and progress in the third world will remain in jeopardy unless definite solutions are found to the conflicts and disputes engendered by forces hostile to the aspirations of the peoples and States of the developing world. Any resolutions of an economic nature that we may adopt at this session of the Conference will be meaningless if they are not placed within the appropriate political context.

own country enjoys the most friendly and constructive relations, bound by common ideals and common aspirations.

It is no exaggeration to say that this decade has seen the worst economic crisis since the Second World War. For the past several years, the world economy has been afflicted by sluggish economic growth, slackening world trade, growing unemployment and soaring inflation. International monetary relations have been beset with uncertainties and disorder, inflation has grown at abnormally high rates, and recession has spread widely. Protectionism in the developed countries has assumed alarming proportions and has been instrumental in keeping declining industries alive in most developed countries.

We are gathered here against such a disturbing background to review the main issues facing the world economy and to chart common courses of action in order to cope with difficulties emerging in world economic relations. I sincerely hope that the present Conference will map out a strategy through constructive dialogue in order effectively to resolve the difficulties facing us.

Turning now to some major issues on our agenda which are of particular concern to my country, my delegation wishes to express its views as follows.

First, primary commodities present an impending serious problem for the whole of mankind. We all know that natural resources are in the process of continuous depletion. In this regard, there exists an urgent need to promote an efficient use of these resources. To that end, more than anything else, securing the price levels of primary commodities, remunerative to producers and fair to consumers, together with a stable flow of these commodities, is the most urgent problem to be resolved.

That problem takes on further urgency when we consider that many developing countries depend heavily on these commodities for their export earnings. In this connection, it is widely recognized that there are certain primary commodities which could not be left to erratic price fluctuations.

In view of these considerations, my delegation welcomes the substantive agreement achieved at the negotiating Conference in March, which represents a good amount of spadework for the Common Fund. It is gratifying that, at the third session of the negotiating Conference, concrete discussions took place regarding the size and capital structure of the Common Fund. That in itself is an important achievement.

On the basis of these discussions, a Common Fund should be established at an early date. Once it has been set up, although initially on a relatively small scale, we could gradually strengthen its functions. We are confident that the Common Fund will accelerate the conclusion of individual commodity agreements. That in turn will greatly facilitate the effective utilization of the limited world resources, serving the interests of both producers and consumers.

Although my country is an importer of primary commodities, we support the endeavours of the Group of 77 to promote a balanced growth of the world economy by enhancing the export earnings of developing countries, which are heavily dependent on exports of primary commodities. To that end, my country will give its positive support and will contribute its due share in order to expedite the establishment of the Fund.

Secondly, one conspicuous trend in world trade during the past several years is the growing protectionism which has erected high trade barriers against exports from developing countries.

In recent years, developed countries have increasingly resorted to protectionist measures, while developing countries are striving for economic development through increased access to the markets of developed countries. The protectionist action taken by developed countries seriously impedes the development and modernization of developing countries and is detrimental to the expansion of world trade.

We have noted that protectionism is of such a nature that, once a precedent is set, it quickly spreads from one product to another and from one country to another. We do not have to go back far in history to see what setbacks protectionism brought to economic progress and stable world peace. Let past experiences be a lesson for all of us for today and for tomorrow.

As Mr. McNamara, President of the World Bank, rightly emphasized, unless we stop protectionism now, we risk undermining the progress in development and

international co-operation that we have achieved over the past quarter century.

By the same token, I wish to refer to the safeguard agreement discussed within the multilateral trade negotiations. The safeguard agreement, if adopted, will not only strengthen this protectionist trend but will also reintroduce discriminatory trade practices in world trade and even give them legal sanction. The concept of selective application embodied in that agreement violates the cardinal principle of MFN treatment which has long served to eradicate discriminatory practices in world trade and to bring about world trade expansion. My delegation profoundly deplores this protectionist trend aimed at discriminating against the most efficient and active exporting developing countries.

In the short-term perspective, protectionist measures may help to offset market disturbances in developed countries, but in the long run they are damaging to free trade based on non-discriminatory treatment of all trading nations.

The concept of selective discrimination is detrimental to the normal distribution of world trade flows. Therefore it should be discarded in the name of free trade and co-operation between developed and developing countries. If, against our wishes, it should become inevitable to reintroduce discriminatory practices in world trade, terms and conditions governing selective import restraints should be strictly defined and clearly spelled out in an international agreement.

We entertained great hopes when the multilateral trade negotiations were launched in 1973. While the negotiations progressed, many developing countries hoped that their commodities would have increased access to developed countries. Despite the hard negotiations over a period of more than five years, however, we regret to say that the outcome today is disappointing to most developing countries, including my own. Among other things, the interests of developing countries were not adequately reflected in the negotiations. The multilateral trade negotiations were declared closed as soon as three principal parties had ended their discussions, while some developing countries were still conducting bilateral negotiations. We feel that the interests of many developing countries have been treated marginally in these negotiations. It is truly regrettable that the enlightened objectives so emphatically enunciated in the Tokyo Declaration have not been attained.

The third main issue to which I would like to refer is ECDC. In the past, economic co-operation centred upon relations between developed and developing countries. It is only recently that ECDC has been brought into the limelight. As we understand it, the concept has evolved, *inter alia*, from the search for ways of overcoming difficulties arising from the narrow markets of developing countries. We regard it as an important movement in that it stresses self-help and self-reliance among developing countries.

In my delegation's view, ECDC should make full use of comparative advantages and of an efficient utilization of capital resources of which developing countries suffer chronic shortages.

The Republic of Korea has taken an active part in ECDC and is well prepared to continue that role. Under this policy, my country is actively participating in the Bangkok Agreement on trade preferences, the Asian Reinsurance Corporation and other regional and inter-regional programmes.

With regard to co-operation in shipping, which is the fourth item we consider important, we believe that increasing participation of developing countries in world shipping is essential to a sound and fair development of world shipping. To this end, my country is now taking steps to accede to the Convention on a Code of Conduct for Liner Conferences. We fully support the letter and spirit of the Convention.

As the fifth item of our concern, I now turn to the problems of the least developed, land-locked and island developing countries. Here, I wish to draw the attention of the Conference to the fact that the majority of these countries have achieved little economic growth in the past years. It is widely known that the development efforts of these countries are severely handicapped by the basic structural deficiencies in their economies and by numerous social and geophysical factors. Nevertheless, it is necessary to realize that this problem has some bearing on the promotion of world peace and the cause of humanity.

My delegation fully recognizes and endorses the urgent need for special interrelated measures to stimulate the development of the economies of these countries. In this connection, we attach particular importance to augmenting financial and technical assistance flows to these countries on favourable terms and conditions and granting them special privileges in the trade field.

My delegation believes that developed countries and IDA should pay particular attention to the plight of the least developed countries and provide more ODA to the least developed and most seriously affected countries. If, after these steps have been exhausted, these countries should still be unable to service their external debts, action should be taken to reschedule their debts.

Even though the Republic of Korea is a developing country with limited resources, we have actively pursued co-operation with the least developed countries and will further step up our efforts in the future.

The uneven distribution of international liquidity and the growing external payments imbalances among developed countries are injecting more and more instability into foreign exchange markets. We believe that countries with balance-of-payments surpluses and deficit countries must work in close co-operation to stabilize foreign exchanges. Particularly, we believe that IMF ought to step up its supervision of the major currencies. In our view, IMF should also give special con-

sideration to the particular needs of developing countries.

In the field of international finance, with which I am now dealing as the sixth important item in my statement, the debt service ratio of developing countries is steadily rising as restricted flows of ODA compel them to depend on commercial loans. We are aware that some countries spend most of their export earnings on debt service at the expense of economic development. It is hoped, in this regard, that developed countries will increase their ODA to alleviate the onerous debt burdens of developing countries.

My delegation also considers that, in order to cope with the shortages of liquidity and to accelerate the economic development of developing countries, the linkage of SDRs to development financing should be gradually strengthened in the future.

Finally, I would now like to comment briefly on the role of UNCTAD. Assessments of the role of UNCTAD may differ from country to country, depending on their respective positions and interests. However, no country will deny that UNCTAD has become a viable and important international organization in terms of its membership and the magnitude of the issues it handles. UNCTAD has also been valued as a source of new ideas and as a negotiating organization. I sincerely hope that the organization will continue its significant contribution to settling the difficult problems besetting today's world economy.

The world community has yet to take decisive steps to achieve a balanced growth and stability in the world's economies. International economic relations are fraught with problems which aggravate the economic ills of developing countries.

All these issues call for concerted action and co-operation between developing and developed countries. In a world which demands increasing interdependence among nations and peoples, in a world where the voices of the developing nations assume more and more validity, we strongly hope that the world community will take concrete and timely steps to introduce more equity and fairness in economic relations among all nations, both developed and developing.

In conclusion, I earnestly hope that all member countries will make the necessary adjustments in their external economic relations and co-operate positively in overcoming global economic difficulties and remedying inadequacies and weaknesses in the world economy in an effort to fashion new world economic relations befitting the forthcoming decade. It goes without saying that the Republic of Korea is prepared to do its part as best it can to this end. Let us all keep in mind that progress in developed countries requires concurrent progress in developing countries.

**Statement made at the 148th plenary meeting, on 8 May 1979,  
by Mr. Cornel Burtica, Deputy Prime Minister and Minister for Foreign Trade  
and International Economic Co-operation of Romania**

I shall first of all express our deepest thanks to the President of the Republic of the Philippines and Mrs. Imelda Romualdez Marcos for the honour they have done us in participating in the fifth session of the United Nations Conference on Trade and Development, for the preparations undertaken for this major international meeting and for the hospitality—so characteristic of the Philippine people—of which we have been the centre since our arrival in Manila.

We also wish to express our appreciation to the Secretary-General of UNCTAD for his report and for his constructive suggestions and proposals on matters appearing on the agenda.

I am especially pleased, Mr. President, to be able to tell you once more how happy we are to have you preside over the session and to assure you of the full support of the Romanian delegation in the accomplishment of the task entrusted to you.

The fifth session of the Conference takes place at a time when grave economic and social problems are constantly confronting the international community.

At the close of the first two United Nations Development Decades, the gap between the rich and the poor countries, far from narrowing, is continuing to widen. The goal of eradicating underdevelopment is becoming, with all the more reason, the main issue in the contemporary world and is acquiring a global interest for all States regardless of their level of development.

The world economy is deeply disturbed by economic crises, the monetary and financial crisis and the perpetuation of inflationary phenomena. International trade is witnessing the proliferation of new protectionist measures, which are having a severe impact on the developing countries and adversely affecting international economic co-operation and economic growth in general.

We therefore observe a heightening of disparities in the world, an intensification of the trend towards a fresh apportionment of areas of influence and a reinforced ascendancy over different parts of the world, which is inevitably creating new sources of tension. At the same time, the arms race continues to intensify, siphoning off immense material, financial and human resources that could be used for development and creating great dangers for international peace and security.

In contrast to these tendencies, a new policy is taking firm hold: the policy of co-operation among States on the basis of the principles of full equality of rights, independence and national sovereignty, non-interference in internal affairs and mutual advantage. This is the only means of ensuring the democratic development of international political life, friendly relations and co-operation among all nations.

The desire of the peoples of the world to see disarmament, and above all nuclear disarmament, brought

about is being expressed with ever greater vigour. It is becoming imperative to put an end to the arms race, reduce military expenditures and use a substantial part of the resources thus released to support the efforts of developing countries.

If we take a clear look at the realities of the contemporary world it becomes evident, as Nicolae Ceausescu, President of Romania, stated in his message to our Conference, that it is in the interest of all States and of mankind as a whole to work persistently for the establishment of a new international economic order, based on equality of rights and equity, which would enable the underdeveloped countries to advance more rapidly.

Only by making such structural changes in the world economy and in the system of international economic relations shall we be able truly to ensure general economic stability and a climate of peace and broad co-operation on our planet.

There can be no doubt that the main factor in speeding up economic growth and reducing and eliminating disparities is the effort made by each developing country itself, including in particular the allocation of a substantial part of the national income to productive investments over a lengthy period.

Guided by this concept, Romania, as a socialist developing country, allocates 33 per cent of its national income towards assuring the sustained growth of the national economy. Thus industrial output this year—in which we are celebrating the thirty-fifth anniversary of the national uprising by which the Romanian people overthrew the fascist dictatorship and embarked upon the road to democratic and socialist development—is 42 times greater than in the best pre-war year.

For all its great achievements to date, Romania is continuing to make considerable efforts to modernize its industry and agriculture, increase productivity and bridge the economic, technical and scientific gaps which still separate it from the economically advanced countries.

At the same time, Romania is aware of the unitary and interdependent nature of the world economy and is constantly increasing and diversifying trade and economic co-operation with all socialist countries, with the developing countries, and with all States throughout the world, whatever their social system.

In this general framework, Romania pays particular attention to co-operation with other developing countries, which account for over 20 per cent of its total trade.

In a spirit of solidarity and in furtherance of accelerated and independent development, Romania is participating in the realization of over 80 important economic objectives in many countries of Africa, Asia and Latin America. It is participating, within the limits of its possibilities and of the experience it has acquired

in different fields, in the creation of a number of industries in sectors of special interest to these countries. It should also be mentioned that there are at present over 12,000 persons from developing countries studying or completing their training in Romania. In addition, 15,000 Romanian experts are contributing, through different co-operation programmes, to the industrialization efforts of over 50 developing countries.

These few figures are indicative of Romania's consistent endeavours to achieve closer economic ties with developing countries. It takes such action in the conviction that the intensification of reciprocal co-operation between these countries, together with their own efforts, foreign aid and the broadening of relations with other States, represents one of the basic factors in the acceleration of their economic and social development and the establishment of a new world order.

In this connection, I would like to emphasize the vital role played by the agreements concluded by President Ceausescu during his visits to many countries of Africa, Asia and Latin America or during visits to Romania by the heads of these States.

The recent visits, in April, to the Libyan Arab Jamahiriya, Gabon, Angola, Zambia, Mozambique, Burundi, the Sudan and Egypt constitute a new and eloquent expression of the relations of close co-operation established between Romania and the African countries, of our militant solidarity in the fight for the final eradication of colonialism and the policy of *apartheid*, and for the accession to independence of the peoples of Namibia and Zimbabwe.

As stated by President Ceausescu in his message to our Conference, Romania is of the opinion that the fifth session of the Conference should represent a landmark and should lead to the adoption of concrete and resolute measures to translate into reality the programme for the establishment of a new international economic order.

The Arusha Programme, in whose preparation Romania participated as a member of the Group of 77, represents a constructive programme of action within the process of restructuring international economic relations.

In the view of Romania, it is necessary to extend the functions of UNCTAD and its contribution towards bringing about the new international economic order. In this respect, it seems to us timely to adopt measures to bring about the elimination of artificial barriers and discriminatory practices hampering the expansion of international trade; to agree at this session to extend the generalized system of tariff preferences beyond 1981; to find practical solutions to increase the volume of resources; to strengthen the forces of production in developing countries; and to find the means to resolve the world's grave monetary and financial problems.

It seems to us equally necessary, looking ahead to the special session of the United Nations General Assembly which is to take place in 1980, to strengthen the role of UNCTAD in the preparation of the International Development Strategy for the Third United Nations Development Decade. The starting-point in preparing the new strategy must be the need to resolve the basic economic problems of all developing countries, while paying special attention, of course, to the situation of the least developed, island or land-locked countries.

It is in this spirit that I would wish to reaffirm the determination of the Romanian delegation to contribute actively to the success of the fifth session of the Conference. May I at the same time be permitted to stress once again Romania's willingness to engage in broad co-operation with all countries with a view to accelerating the adoption of concrete measures conducive to the creation of a world which is more just, in the interest of general progress, peace and international co-operation.

**Statement made at the 161st plenary meeting, on 16 May 1979,  
by Mr. Mathieu Ngilira, Minister of Economic Affairs and Trade of Rwanda**

Mr. President, on behalf of the Rwandese delegation, allow me to join the preceding speakers in congratulating you on your unanimous election. Your qualities as a diplomat and statesman augur well for the satisfactory conclusion of our deliberations. I should also like to take this opportunity to express my gratitude, through you, to the people and Government of the Philippines for the practical organization of the Conference and for the warm welcome given to our delegation since we arrived in this beautiful city of Manila.

I should be remiss if I did not also congratulate Mr. Gamani Corea, Secretary-General of UNCTAD, whose qualities of imagination and inventiveness he has effectively placed at the disposal of UNCTAD and which are reflected in the high workmanlike quality of the documents made available to delegates. I should

also like to congratulate the States that have been newly admitted to UNCTAD.

The data peculiar to my country—Rwanda—have been presented many times in the appropriate forums by our representatives, with the result that the participants in this Conference are well informed of the structural constraints and geophysical obstacles of all kinds that impede the economic take-off of Rwanda, despite the tireless efforts and the dynamism of its Government. Let me just remind you that Rwanda, which is classified as one of the hard-core least developed countries, has all the characteristics of those countries: it is land-locked; it has a very low *per capita* income; a very high proportion of the population—4.8 million inhabitants over a territory of 26,338 square kilometres, or 183 inhabitants per square kilometre—live at subsistence level; it has no manufacturing industries or semi-finished products; it

lacks skilled personnel; it has no known natural resources; its transport and communications infrastructure is inadequate, and so on.

The Group of 77 is aware of the size and complexity of the serious problems which in fact beset all sectors of the world economy, and it is submitting to the fifth session of the Conference the Arusha Programme for Collective Self-Reliance and Framework for Negotiations. This sufficiently comprehensive document aims to translate into practice the substance of the resolutions already adopted by the international community as a whole and to begin the process of transforming the rules and principles in question with a view to establishing an international economic order based on fairness, equality and interdependence. More than once, and everyone acknowledges this, the cyclical events which adversely influence the development of international economic relations have highlighted the fact that the interests of the industrialized countries and those of the third world can no longer be dissociated. All the analyses and detailed studies conducted in recent years, especially by UNCTAD, provide sufficient proof of the basis of this interdependence. For this reason the current session of the Conference should, in my delegation's opinion, consider as past the stage of discussions and political options concerning the items on our agenda. We now need deeds, not words.

Even a hasty look at the problems before us for consideration shows how similar they are to those examined by the Conference in Nairobi three years ago, except perhaps for the fact the current economic situation emphasizes their acuteness.

The introductory report by the Secretary-General of UNCTAD on restructuring the international economic framework emphasizes the interpenetration and interaction of all the problems concerning which we have to take decisions with a view to putting into operation the mechanisms for transforming existing economic relations.

Since Nairobi, there has been agreement on an Integrated Programme for Commodities, and recently, in Geneva, agreement was reached on the basic elements on the Common Fund. Although we welcome these results, we cannot but regret the slow progress in the conclusion of the international commodity agreements upon which the success of the Common Fund will largely depend. Since it will not be possible for those agreements to cover all commodities, we should speed up the establishment of a global system for stabilizing export earnings, especially in the form of compensatory financing. On this subject, it is understood that the organic and functional links between the two windows of the Common Fund and the strengthening of the activities of its second window will be such as to permit the diversification of the export commodities of a country like Rwanda, where most difficulties arise with regard to production and quantities to be delivered to foreign markets.

Despite the changes made in the Bretton Woods system in recent years, it must be acknowledged that the main reserve currencies continue to be unstable. This situation imposes an enormous burden on weak economies, upsets balances of payments and has

adverse effects on the execution of development programmes. In this specific area, the Arusha programme contains indications which can lead to effective reforms.

Since the problem of aid is connected to the problem of indebtedness, the latter is of serious concern to the developing countries. In practice, debt servicing accounts for a large portion of the developing countries' export earnings and income. Rwanda congratulates those developed countries which have already taken measures to cancel the public debt contracted by some developing countries for development purposes. There is reason to hope that such measures will be followed by others for the benefit of all developing countries. However, the process of cancellation of current debts should not prompt the developed countries to offset any loss of potential earnings by restricting aid normally given and replacing ODA by other far more exacting forms of intervention, such as commercial credits.

Furthermore, it is essential that the developed countries in both Group B and Group D should reach the target of 0.7 per cent of their GNP, as agreed upon at the beginning of the decade now ending. Even if this target were reached, we should not lose sight of the principle of the diversification of aid, especially for the benefit of the least developed countries.

From the standpoint of the Third United Nations Development Decade, now in preparation, it is essential seriously to consider establishing an international development fund, which would be financed, in particular, by savings derived from disarmament.

On the question of the transfer of technology, my delegation is convinced that real economic growth depends on the massive transfer of the vast technical and scientific knowledge accumulated by the industrialized countries. The purchase of this knowledge is totally beyond the financial means of the developing countries. We recommend that the Conference should resolve the problems outstanding on this point, especially with respect to the legal nature of the code of conduct on the transfer of technology and the effective implementation of this code. This transfer should enable us to reach the objective set at Lima, namely, to increase the developing countries' share in world industrial production to at least 25 per cent by the year 2000. This objective, which was reaffirmed in the Arusha Programme, has even been raised to 30 per cent.

By its resolution 98 (IV), the Conference, at its Nairobi session, recommended a number of measures to be taken in favour of the least developed countries, developing land-locked countries and developing island countries, and these measures have since been strengthened by the documents before us.

Rwanda, as a land-locked country, has always experienced the hazards inherent in its geographical position. At this very moment my country is being economically asphyxiated as a result of events outside it. To cope with this situation, Rwanda has been forced to appeal to the international community. On behalf of my Government, I wish to take this opportunity to thank those friendly countries and organizations which have responded favourably to that appeal.



For the land-locked countries, action by the international community consists of a two-phase programme. The first phase will consist of an emergency effort for the immediate future (1979-1981), in the form of a crash programme of expanded assistance for countries in this category, aimed at providing an immediate boost to their economies and immediate support for the most vital projects. The second phase will consist of a new programme of action for the 1980s designed to transform their economies and endow them with an adequate communications infrastructure.

Pending the application of internationally recognized standards, the transit developing countries have agreed in principle to make efforts to reduce the transit problems of their land-locked neighbours, but both categories of countries lack the financial means to put the agreed programmes into practice. You will thus agree with me that bilateral and multilateral aid should in turn provide the financing for such programmes.

Many resolutions have been adopted so far at sessions of the Conference and in other forums, resolutions which have never been implemented or have been insufficiently implemented for lack of financial resources, and above all for lack of a binding legal framework for their implementation. It is therefore imperative that a

new approach should be adopted in the negotiations now in progress in order to respond to these two requirements. If this were done, States would no longer continue, as in the past, to devote all their hopes and resources, meagre though they may be, to the preparation, consideration and adoption of new resolutions with no practical effect. After recognizing the interdependence that exists between the economies of all countries and all regions of the world, regardless of their level of development, it is time to adopt and implement practical measures aimed at initiating a structural transformation capable of ensuring the efficient management of the world economy. Since the problems which the world economy is facing are themselves interdependent, whether they are problems of trade, payments, financing or development, it is essential that a programme of practical action should be implemented at the international level with a view to the earliest possible achievement of a global, comprehensive and satisfactory solution.

The responsibility for success or failure lies upon all of us. I am convinced that the spirit prevailing in Manila will not disappoint the hopes of so many millions of human beings who are attentively following our discussions.

**Statement made at the 153rd plenary meeting, on 10 May 1979,  
by Mr. Youssef Al-Hamdan, Deputy Minister of Commerce of Saudi Arabia**

It gives me great pleasure to express, on behalf of the Kingdom of Saudi Arabia, our deep sense of gratitude and appreciation to the Government and people of the Philippines for the generous hospitality and warm welcome with which we have been received everywhere.

I take this opportunity to convey to you, Mr. President, and to your colleagues in the Bureau, my delegation's congratulations on your election to the presidency of this important international gathering. We are confident that, under your inspiring leadership and through the sincere endeavours of your colleagues, this Conference will achieve fruitful and meaningful results.

This fifth session of the United Nations Conference on Trade and Development is an important event, particularly since it is being held at what, by reason of the various economic crises facing the world and adversely affecting the trade and development of the developing countries in particular, is a crucial moment. It is regrettable that the intensive efforts aimed at overcoming those crises and rectifying the international trade and economic situation in the interests of all have not achieved the desired success. In fact, negotiations in numerous fields, such as those of basic commodities, the abolition of tariff and non-tariff barriers and the transfer of real resources, have fallen far short of the desires and aspirations of the developing countries. We therefore hope that the fifth session of the Conference will provide a strong impetus towards the establishment of a new international economic order based on equality and justice for all countries, the provision of the basic elements required for the development of the interna-

tional community and respect for the sovereignty of every State over its various resources.

There is no doubt that the current economic and financial problems at both the national and international levels are a clear reflection of the inappropriateness of the structure of international economic relations and the instability of basic commodities, of disorder in the international monetary system and of continuing increases, despite technological progress, in the prices of industrial goods and equipment. All these problems emphasize the need to restructure the principles and rules governing international trade and economic relations. Efforts should therefore be made to reformulate those principles in a manner consistent with the present-day realities of the world economy and of changing international economic relations.

There are a number of important issues which are currently being negotiated in various international forums, and in particular in UNCTAD. The negotiations that have taken place up to now have proved to be more difficult than originally expected, and this is an indication of the complexity and diversity of the issues and interests involved. Since the fourth session of the Conference, the world economy has been deeply plunged in a series of crises which are largely attributable to the pursuance by the developed countries of unfavourable economic policies which are seriously affecting the developing countries.

The countries of the world represent a diverse group at differing levels of development, and the challenge of economic development can be met only through co-

operative endeavours among the various countries of the world. Interdependence among the members of the international community undoubtedly places responsibilities on all parties. In the interests of the objectives which it is hoped to achieve through the establishment of a new international economic order conducive to prosperity and peace for all the peoples of this planet on which we live, those responsibilities must be respected and fulfilled.

As an integral part of the developing world, the Kingdom of Saudi Arabia is continuing to direct its efforts towards the implementation of its ambitious development plan aimed at the achievement of balanced economic growth in the shortest possible period of time. The main objectives of the development plan are the achievement of a high rate of economic growth and the reduction of the country's dependence on oil exports through the expansion of agriculture and industry and the exploitation of mineral resources, with special emphasis on petrochemical and metallurgical industries, in respect of which the Kingdom enjoys relative cost advantages.

The considerable expansion in the Kingdom's imports of expertise and consumer goods to meet the requirements of the constant increase in investment and development rates or to satisfy consumer demand has led to increased dependence on imports from developed countries. As a result, Saudi Arabia, together with other developing countries, has suffered from the prevailing spiral of rising prices and monetary inflation.

Nevertheless, the Kingdom of Saudi Arabia, feeling a moral obligation towards the international community, is doing its utmost to help to meet world energy requirements despite the fact that, in so doing, its oil production has exceeded its basic needs and despite the fact that the most fundamental economic theories stipulate that the exploitation of depletable natural resources should correspond only to the requirements of development and internal expenditure. Nevertheless, the Kingdom has pursued that policy in order to contribute to international economic stability and prosperity.

In spite of that sacrifice on the part of the Kingdom of Saudi Arabia, some developed countries have openly engineered economic crises, the most serious examples of which have been the sharp fluctuations in the exchange rates of major currencies and the raising by those countries of their export prices in a notably discriminatory manner, with the result that the Kingdom of Saudi Arabia has suffered enormous losses. Furthermore, the majority of the developed countries have failed to adopt any serious policies or take any serious steps to limit their consumption of oil, despite continuous appeals not only by the Kingdom of Saudi Arabia but also by all the organizations, institutions and experts concerned with energy matters.

The fact that the developed countries have up to now failed to reduce their consumption of energy to satisfactory levels will hasten the onset of a devastating crisis in conventional energy sources, and the world will find itself faced with that situation before it has been able to find dependable and safe alternative sources.

My country is concerned at the unjust campaigns which are being directed against the oil-exporting coun-

tries and at the fact that the increase in oil prices is being used as a scapegoat for the world economic crisis. This is undoubtedly an attempt to divert attention and to evade responsibility by putting the blame on the shoulders of the oil-exporting countries.

It is a well-known fact that the economic crises from which the world is currently suffering are rooted in the basic structure of the present international economic order and emerged a long time before the increase in oil prices. Inflation is a disease that accompanied the economic performance of the developed countries and was exported to the developing countries. We can give an example that shows the falseness of those allegations. Everyone knows that oil prices were frozen during the years 1976 and 1977. Yet in spite of that freeze, the prices of exports from the industrial countries increased considerably during that period, and rates of inflation also reached record levels. It is therefore clear that the crisis is to be attributed to the poor economic performance of the developed countries.

The Kingdom of Saudi Arabia holds the view that one of the most serious aspects of the present economic crisis is the excessive recourse to protectionist policies by the developed countries, for those policies affect products of export importance to developing countries. The Kingdom believes that excessive recourse to protectionism represents the most serious of all threats to international co-operation for development. This issue should be comprehensively discussed at this Conference with a view to devising solutions that will ensure the elimination of the obstacles to the growth of exports from the developing countries and the promotion of means to increase their export capability. Furthermore, appropriate steps should be taken to limit the use of tariff and non-tariff barriers by the developed countries.

The Kingdom of Saudi Arabia feels satisfied with the progress made in the negotiations pertaining to the Common Fund and with the agreement reached on its principles and objectives. It hopes that this will be the first step towards the solution of the economic problems facing the international community and that it will provide a stimulus for the implementation of the Integrated Programme for Commodities, which is one of the fundamental elements needed for the establishment of the new international economic order.

The Kingdom of Saudi Arabia associates itself with the calls for this Conference to give the requisite political stimulus to the negotiations on individual commodities while emphasizing other measures, particularly the processing of raw materials in the developing countries and increases in those countries' shares in the transportation, marketing and distribution of their products.

The Kingdom is keeping a careful watch on the implementation of the objectives of the Tokyo Declaration relating to preferential treatment and the principle of non-reciprocity, and it calls upon the Conference at its present session to adopt international recommendations and standards to ensure increased exports of manufactures and semi-manufactures from developing countries to markets in the developed countries, to take measures to improve the preferential treatment accorded to some

exports from developing countries, and to ensure the provision of technical and technological assistance by developed to developing countries in respect of marketing, distribution and transportation. This Conference should also reach agreement concerning ways and means of achieving the target set for the developing countries, namely, a 25 per cent share in world production and a 30 per cent share in international trade by the year 2000.

Although the Kingdom of Saudi Arabia still has to make enormous development efforts in order to achieve its objectives of progress and the diversification of its sources of income rather than relying on a single depletable source, it has given assistance and concessionary loans to developing countries in general and to the least developed countries in particular. In addition to its generous contributions to most of the international financial institutions and funds that provide loans and financial assistance for developing countries, the Kingdom established, in 1974, the Saudi Development Fund, the purpose of which is to make loans to developing countries to enable them to finance their infrastructure projects. The Kingdom of Saudi Arabia is proud that the total of its assistance, loans and grants to the developing countries exceeded 7 per cent of GNP in 1978. This means that, although it is itself a developing country, the Kingdom has paid more than 10 times the international target which has been set for the developed countries and which most of them have failed to achieve. It should be noted that, by the end of 1978, the Saudi Development Fund alone had supplied over \$3 billion in loans to about 50 developing countries. The non-Arab developing countries received about 60 per cent of those loans.

The Kingdom of Saudi Arabia firmly believes that all the countries of the world will benefit greatly from more rapid and stable growth in the world economy and that the development of all sectors of the world economy is dependent on the joint endeavours of all countries. Consequently, the Kingdom is in favour of calling upon developed countries and international institutions to find better ways and means of helping the developing countries to benefit from the results of scientific and technological developments which are suited to development requirements and conducive to the strengthening of the technological capability of those countries. The Kingdom calls for the co-ordination of endeavours with a view to reconciling the points of view of both the developed and the developing countries and overcoming the difficulties which have impeded the success of the negotiations on an international code of conduct for the transfer of technology.

I have already referred to the importance of increasing the role of the developing countries in the processing, transportation and marketing of their raw materials. In this context, maritime transport is of the utmost importance for the developing countries. The time has come for the developing countries to receive an equitable share in the carriage of their exports by their national fleets. Furthermore, this Conference should formulate a practical programme for ending the system of flags of convenience, since that method of registering vessels is clearly detrimental to developing and developed countries alike.

With regard to the provision of assistance, the Kingdom of Saudi Arabia gives special consideration to the least developed countries. The Kingdom therefore expresses its support for the special programmes dealing with the problems of those countries. The Kingdom is playing its part in the international efforts to improve the situation of that group of countries.

ECDC is one of the mainstays of the new international economic order and is closely related to the objectives of the promotion among developing countries of a system of collective self-reliance.

Although the endeavours which the developing countries are making in respect of economic co-operation are of direct concern only to those countries themselves, their objectives cannot be achieved without the active participation of the developed countries and international organizations. The Kingdom does not regard ECDC as an alternative to co-operation between developed and developing countries, since both groups should supplement, and not supplant, each other's efforts.

The struggle against economic backwardness cannot be isolated from the issue of political emancipation. The economic liberation of the peoples of the third world is only a phase that complements their liberation from political and military colonization. It is therefore neither logical nor acceptable to talk about establishing a new economic order to ensure economic justice at a time when the peoples of Palestine, South Africa and Rhodesia are still subjected to oppression and injustice.

The Arab people in Palestine are suffering tragedy experienced by no other people. Zionism has not only robbed them of their lands, property and homes, but has also expelled them from their homeland. Moreover, Zionist oppression and aggression has even gone to the extent of establishing settlements on Palestinian and other occupied Arab land and imposing the death penalty on freedom fighters. This is an indication of Zionist determination to achieve the objective of liquidating the entire Palestinian people. Israel is a State which has been established on oppression and disregard for the human heritage of justice, equity and mercy. It is turning a blind eye to all international resolutions and is flouting the most fundamental principles of international law. Unless Israel renounces this arrogant attitude, there can be no peace or stability.

The Kingdom of Saudi Arabia believes that peace in the Middle East should begin, above all, with the full recognition of the rights of the Palestinian Arab people, including their right to establish their independent State on their national soil like any other of the world's peoples, and with the recovery of the occupied Arab territories, including Arab Jerusalem. Any agreement aimed at ensuring peace in the region that is concluded without the participation of the legitimate representatives of the Palestinian people and of all the Arab Governments whose territories have been occupied will be an empty agreement devoid of any real substance capable of leading to genuine peace and stability, for it will not deal with the core of the problem or lift Israeli injustice and oppression from our Arab people in occupied Palestine and in the other occupied Arab territories.

**Statement made at the 167th plenary meeting, on 21 May 1979,  
by Mr. Serigne Lamine Diop, Secretary of State in charge of the Budget of Senegal**

It is a pleasure to take the floor today before this assembly which, for the fifth time in its history, has brought developed and developing countries together to consider the problems of trade and development. Over the years the United Nations Conference on Trade and Development has become a favoured meeting place where rich and poor alike join in working out solutions to the greatest challenge of our time: development. As such, it is a factor in drawing peoples closer to one another, and thus a factor for peace. The fact that it is often described, rightly or wrongly, as an outlet for the frustrations of the poor can in no sense diminish the dignity of its task or the noble spirit of the idea that led to its establishment.

This is the place to express our thanks to those who pioneered UNCTAD and to all who have helped to make it what it is today, and also to thank the President, the Government and the people of the Philippines for their warm welcome and their efforts to make this session a memorable one.

The fifth session of the Conference is being held at a time when the Second United Nations Development Decade is drawing to a close. It should be the occasion for a cool appraisal of what has been done in the course of this decade, so that the deficiencies that are pinpointed—and they are numerous—will be duly taken into account in determining the outlook for the Third Development Decade. Authorities who are better qualified than I in this matter will doubtless make such an assessment. For my part, I propose to outline broadly a few of the more striking characteristics of the world economic situation after six years of an economic crisis that never comes to an end.

Beyond even the most pessimistic forecasts, the world economic crisis which began in 1973 has simply grown worse in recent years. Recession, inflation and unemployment, far from giving way, have tended to remain at levels that are incompatible with the economic recovery which has so often been announced and has so often faded away. Economic forecasts, without being alarming, are nevertheless marked by a pessimism and an uncertainty that ill conceal a feeling of anxiety.

In this generally unfavourable climate, the developing countries are once again the chief losers, since they suffer from the effects of the economic crisis and also from the measures taken by the developed countries to protect their own economies. The developing countries, heavily indebted, showing a deficit in their trade with the developed countries, and subject at the same time to external constraints over which they have no control (galloping inflation, breakdown in the international monetary system, etc.), find that their development efforts are gravely hampered by a crisis that has been thrust upon them.

It must be admitted, however, that the effects of the economic crisis have not been entirely negative. For, in the first place, it has shown those who still doubted the matter that the interests of the developed countries are

closely bound up with those of the developing countries. Moreover, it has been a powerful catalyst in bringing about the adoption by the General Assembly of resolutions 3201 (S-VI) and 3202 (S-VI), concerning the Declaration and Programme of Action on the Establishment of a New International Economic Order, based on equity, sovereign equality, interdependence, common interest and co-operation among all States. Finally, it was a determining factor in the adoption at Nairobi, in 1976, of some of the most important resolutions of the Conference, among them the resolutions on the Integrated Programme for Commodities, on the code of conduct on transfer of technology, on the debt and development problems of developing countries, on ECDC and on the problems of the least developed and the developing island and land-locked countries.

The economic crisis which began in 1973 has thus undeniably acted as a spur to the international community to adopt a number of resolutions intended to lay the foundations for a new international economic order which seemed at that time, depending on whether one was among the poor or the wealthy countries, to be the best, or the least objectionable, solution to the international economic chaos. But today, how far have we gone in introducing this new international economic order? Have we genuinely moved ahead towards economic co-operation and understanding between States?

We have to recognize—and deplore—the fact that no real change has taken place in international economic relations. There may be good reason to welcome the few positive results that have been obtained, and despite its weaknesses, the agreement on the Common Fund is one of them, but there are equally good reasons for uneasiness about the magnitude of the work still to be done: the slow, the all too slow, gestation of the new international economic order bodes ill for its future.

For in the final analysis, we may well ask whether the international economic order so painfully taking shape before us is what we decided to establish in 1974, in other words, a new order which, by correcting inequalities and redressing existing injustices, would help to strengthen world peace and security.

Again, we may well ask whether cultural prejudices are not more tenacious than ever. Understanding of other people depends on respect for them; respect for other people presupposes that we know them, their culture, all the intellectual aspects of their civilization. Understanding therefore depends on such knowledge, yet cultural prejudices stand in the way of the effort needed to acquire it and so reach that understanding of other people which alone might bring about a change in the real nature of the relations between rich and poor. For this reason, we in Senegal say that the establishment of a new world cultural order is the precondition for a new international economic order. As long as cultural contempt persists, the developing countries will never persuade their developed partners to admit the obvious

fact that all are equal and that the prosperity of the world is bound up with the prosperity of all its component parts.

The developing countries are unquestionably a major factor in world-wide economic development. The international community must accept this, so that the necessary structural changes may be made in an atmosphere of genuine co-operation and dialogue among equal partners. In this respect, ECDC must be acknowledged as a basic element and as a favourable instrument for the necessary restructuring of the present order. It must, above all, be the work of the developing countries themselves, on the basis of equality and mutual benefit, but also as a necessary movement towards solidarity, which alone will ensure that the special handicaps of the least advantaged countries are taken into account.

This at least is our conception of ECDC, which we have been seeking to bring about for many years through regional and subregional groupings such as the

Organization for the Development of the Gambia River Basin, the Organization for the Development of the Senegal River Basin, the Economic Community of West Africa, and the Economic Community of West African States.

However, for ECDC to produce all the benefits we expect from it, the developing countries must be supported and encouraged in their efforts by the developed countries and also by the international organizations, for that is their task.

On this item, and on all the items on our agenda for this session, the Arusha Programme for Collective Self-Reliance, adopted by all the developing countries, proposes realistic, pertinent and reasonable measures which, if put into effect, would undoubtedly be an important step towards resolving the ills of our planet.

With this I will conclude, in the hope that from our work will spring the realization needed to move ahead into a decisive phase in achieving a new economic and cultural world order.

**Statement made at the 161st plenary meeting, on 16 May 1979,  
by Mr. Abdulai O. Conteh, Minister of Foreign Affairs of Sierra Leone**

Let me first register my Government's appreciation to the Government and people of the Philippines for the hospitality and the facilities they have placed at our disposal for this important Conference. Allow me, Mr. President, to extend to you personally my congratulations on your election to the presidency of this fifth session of the United Nations Conference on Trade and Development. We believe that the wealth of experience and wisdom you bring to this office will steer our deliberations to a successful conclusion.

I want to take this opportunity to pay tribute to the UNCTAD secretariat for the excellent work it has been doing over the years in keeping fluid the negotiating process relative to trade and development matters between different parts of our one world.

The continuing validity and vitality of UNCTAD is based on the credibility it confers on the international negotiating process as a medium for reconciling differences among sovereign States on trade and development matters.

As a developing country, my country, Sierra Leone, is painfully aware of the existing differences between the developed and developing countries. We in the developing countries are not only constantly locked in battle with poverty, ignorance and disease, but are also, even in this last quarter of the 20th century, still grappling with the evils of neo-colonialism, racism, *apartheid* and other invidious forms of foreign domination and exploitation of man by man. These, we dare say, are the major obstacles to our development.

Ironically, however, today underdevelopment or lack of development cannot be isolated in one part of the world, for privation in one part today overflows into the other, in one form or another. It is therefore fitting and proper that we should have a forum where global issues

relating to trade and development can be discussed and appropriate solutions sought. This, indeed, is the *raison d'être* of UNCTAD.

The fifth session of the Conference here in Manila marks the culmination of various attempts to rationalize the economic and trading relations between the developed and the developing countries. Three years ago, when we met in Nairobi, the atmosphere was charged with recrimination and mutual suspicion, born of the seemingly contentious issues then on the agenda. Today, I dare say, the atmosphere is a little more congenial. This, however, does not detract from the intensity and urgency of the issues on the agenda here before us in Manila, for on their successful resolution depends the credibility and viability of the international negotiating process and the determination of all of us to make our one world a harmonious place to live in.

Since the Nairobi session, my Government notes with satisfaction that there has been an increasing international awareness of the need for a new international economic order. In this regard, some progress has been made and some changes have taken place. However, my delegation cannot but express its deep concern over the very slow progress the world community is making to vindicate the very basic principles on which the attainment of this new international economic order depends. Evident on the agenda before us are several outstanding issues of basic concern to both halves of our one world, which we believe could be settled by a process of national debate and mutual give and take within the global community, if only there is the indispensable political will.

This Conference itself is being held at a particularly opportune time, coming as it does on the threshold of the International Development Strategy for the Third United Nations Development Decade and on the eve of

the United Nations General Assembly's special session on economic development, and additionally, we have been told, it is devoted primarily to the international aspect of the development process.

Development, as we all know, is a multifaceted process and this fact is reflected in the various items on our agenda, ranging from the need for an acceptable international trading system both for commodities and manufactures, a stable and reliable international monetary system, flexible and responsive enough to meet the needs of the international community, and an equitable and fair system of exchange of man's intellectual inventiveness for the advancement of his welfare.

Underlying all these issues is the admitted and unchallengeable need today for a fundamental change in the process that has divided the world into two halves, the North and the South, the haves and the have-nots, a polarity that does not augur well for our world. It is therefore the belief of the Government of Sierra Leone that, by a process of co-operation and mutual accommodation, we can all—haves and have-nots—share our common resources to the benefit of us all.

In the developing countries, raw materials and the commodity trade represent about 80 per cent of their export earnings. It is not unnatural, therefore, that for us the Integrated Programme for Commodities promulgated at the fourth session of the Conference should be of primordial importance. It was in this spirit, therefore, that my country, Sierra Leone, followed with keen interest and actively participated in the series of negotiations preceding the establishment of the Common Fund which was the centre-piece of the scheme.

While my Government generally whole-heartedly welcomes the establishment of this Fund, however, we are somewhat disappointed at the nature of the Fund that has so far emerged. In this regard, we would like to urge, therefore, that full implementation of the programme as initially envisaged in Nairobi can only be beneficial to all concerned. Additionally, we would like to urge, if we may, when it comes to settling the final articles of agreement of the Fund, that the developed countries should evince the same spirit of co-operation which has facilitated, although somewhat belatedly, the measure of agreement we have so far achieved on the Common Fund.

On manufactures and semi-manufactures, my Government attaches great importance to the urgent need for restructuring, at the international level, industrial production and trade aimed at substantially increasing the share of the developing economies in trade in these products. The danger of the new protectionism, as it has been called, cannot be overemphasized in this regard; although it provides temporary and short-term relief to harassed politicians on the domestic scene, it does not do credit to or enhance the international trading system. For we believe that, by unclogging the access for the manufactures and semi-manufactures of developing countries, the principle of comparative advantage should become a feature of international economic relations. This is as it should be, for at the end of the day the consumer will be the ultimate beneficiary, both in the developing and the developed countries.

Considering the slow progress towards the achievement of the target of 25 per cent of total world industrial production by the year 2000 as set out in the Lima Declaration and Plan of Action, my delegation reaffirms its support for active co-operation between UNCTAD and UNIDO in this sector. And we would like to take this opportunity formally to welcome the establishment of UNIDO as a specialized agency within the United Nations system, for we believe that it has a catalytic and indispensable role to play in furthering global industrial restructuring.

The link between trade and development on the one hand and monetary and financial issues on the other should be emphasized and given the due importance it deserves. Apart from being complementary, a satisfactory system for one is a prerequisite for the other. Undoubtedly, a part of the general international economic malaise is largely attributable to the unsatisfactory financial system on which the world trading system is pinned.

It is the view of the Sierra Leone Government that, whatever arrangements the international community may come to on trade and development matters, if these are unaccompanied by a commensurate improvement in the international monetary system they would themselves be an exercise in futility. It is therefore the belief of my delegation that one of the positive results that could emanate from this Conference is a call for a global monetary conference to tackle the issues. For it is evident that regional and *ad hoc* responses to the problem of world monetary crises we are witnessing today can at best be only temporary and stop-gap or, at worst, may even create problems in their wake.

Against this background of general international economic malaise, it is no joy to developing countries such as Sierra Leone when we have to contend with seemingly inflexible and unresponsive conditionality demands from IMF in the use of resources to alleviate our balance-of-payments problems.

I would like to take this opportunity to reiterate the view that balance-of-payments support in general must not be used to exercise political pressure on developing countries and should not be dependent on the acceptance, by a developing country, of measures and programmes involving unacceptable social costs, with the probable effect of hindering it in its desire to achieve its aims, objectives and priorities as nationally determined.

In our view, it is not surprising that the Bretton Woods scheme collapsed. This is so because it was meant for a different era and it proved unsuitable to the evolving monetary and trade relationships that came in to being in the post-colonial era. Since 1971, various regional and global experimental systems have been attempted, and all of them have understandably failed to achieve stable and positive results. Consequently, today the whole international monetary system is in a state of flux, and this has exacerbated development problems and in many cases succeeded in thwarting the aspirations of developing countries, which perforce have been relegated to a fringe role in the whole exercise.

In this regard, it is the view of my Government that a more thorough systematizing and streamlining of the global monetary and financial system is a prerequisite in



fostering a wholesome world trade and development system. And this, in our view, is an exercise in which each and every one of us has a role to play.

In this vein, in view of the vicissitudes to which national currencies are prone and subjected, with their consequent invidious effects, it is our view that a salutary and wholesome measure in this regard would be the acceptance of SDRs as the world's principal reserve asset—a medium that itself would be neutral enough to meet changing national fortunes, but stable enough to engender a global confidence that would benefit international trade and development.

At this point, I would like to commend for the consideration of the Conference the Arusha Programme, which has been presented in the spirit of co-operation born of the realization of that interdependence which indissolubly links us together. We would like the Programme to be seen in this light and not as a harsh roster of demands predicated on a position of confrontation.

Coming to the subject of ECDC, my delegation would like to endorse this aspect as a necessary and indispensable catalyst to the development process. We believe that it is one of the means by which the necessary structural changes required for economic transformation and social advancement within our different countries could be achieved.

In the West African subregion, Sierra Leone's co-operation with one of its neighbours, Liberia, within the context of the Mano River Union, is in its own way an achievement in the field of co-operation among developing countries. Although not formally institutionalized, we have a cordial and functional relationship with our other neighbour, the Republic of Guinea.

Moreover, within the broader context of the West African subregion, Sierra Leone is a member of ECOWAS.

Sierra Leone's experience in these two organizations at the subregional level further endorses and fortifies my Government's support for ECDC, and we would urge that the United Nations system, and in particular UNCTAD and the regional commissions, be strengthened in order to increase their assistance to ECDC.

It is hoped that the United Nations will take appropriate action to enable UNCTAD to intensify its co-ordination and co-operation with other United Nations organizations in this field.

In conclusion, I wish to turn to what has been referred to as the underlying theme of the Conference, namely, the need for structural change in world trading and economic institutions. For only yesterday the world was dominated and characterized by an old and intolerable political order which man's genius for survival has succeeded in virtually changing. The gap between the emergent new political order and the creaking but obsolescent economic order on which the old political system was predicated is, we venture to submit, the root cause of our current global problems. We must all, therefore, together embark on a joint voyage of discovery of new ways and arrangements for our trading and economic relationships, commensurate and in harmony with the evolving political order. This is the imperative of our time. And it is our belief that this is a challenge to which man's genius for survival will rise.

Thus the fifth session of the Conference is but a phase in our collective journey and it behoves us all to keep the ship on course.

**Statement made at the 148th plenary meeting, on 8 May 1979,  
by Mr. Goh Chok Tong, Minister for Trade and Industry of Singapore**

Mr. President, on behalf of my delegation, may I congratulate you most warmly on your election to the presidency. We are confident that, under your able guidance, the United Nations Conference on Trade and Development will make significant progress at its fifth session towards the solution of global economic problems. I would also like to express our deepest appreciation to the people and Government of the Philippines for hosting this session and for their traditional warm hospitality.

As a member of ASEAN, Singapore naturally takes particular pride in the fact that this session is being held in an ASEAN country, the Philippines, our partner and neighbour. We have listened with respect and interest to the thought-provoking address of President Marcos. We hope this Conference will be steered by his ideas on the promise and meaning of UNCTAD, and his warning against the escalation of protectionism.

We are faced with massive poverty in the third world and the challenge of improving steadily the lives of

millions in the less developed countries. We are committed to the attainment of a new international economic order, the ray of hope for the future. The realization of this hope requires corrective changes in the existing economic relationships between developing and developed countries. The direction of change and the details of the changes required have been spelt out in many UNCTAD documents, and most recently in the Arusha Programme for Collective Self-Reliance and Framework for Negotiations. What is missing is not ideas for global economic development and equitable distribution of the fruits of development but the political courage and the political will to accept short-term losses for long-term gains. May I urge the developed countries to respond quickly and positively to the measures set out in the Arusha Programme while a co-operative mood prevails. As a member of the Group of 77, Singapore shares the hopes and aspirations of the Arusha Programme.

Two key elements for the establishment of the new international economic order are the Common Fund and

the Integrated Programme for Commodities. It is vital that participants should agree at this session on the fastest means of establishing the Common Fund and the Integrated Programme.

Singapore is a resource-scarce and net commodity-importing developing country, but it fully supports the position of the Group of 77 on the establishment of the Common Fund and the Integrated Programme. We support that Programme and the Common Fund, as these will help redress the economic imbalance between the developing countries which are primarily raw material producers and the developed countries which are the primary users of those raw materials.

My delegation is pleased to note the great strides taken by the United Nations Conference on Natural Rubber in arriving at an agreement which will stabilize prices and terms of trade for the producer countries. I hope such progress will spread to negotiations on other commodities in the Integrated Programme.

Countries should view global problems in a global perspective and not in myopic, parochial, domestic terms. Structural changes in economic relationships and long-term remedies to present-day economic woes may have unwelcome short-term side effects, but they must nevertheless be embarked upon. Developed countries must accommodate the legitimate aspirations of developing countries to industrialize and compete in the market-place through their own industrial restructuring, and not thwart the competitive developing countries through protectionism.

Thus we view the recently concluded multilateral trade negotiations with disappointment and scepticism. The negotiations were originally conceived to reduce and remove tariff and non-tariff barriers and to devise a more liberal and equitable framework for world trade. Unfortunately, the results fell short of the commitments undertaken in the Tokyo Declaration, particularly those concerning the interests of the developing countries. Firstly, in the area of tariff and non-tariff measures, insufficient attention was paid to the needs of developing countries. Worse, protectionist elements were injected into the codes. The developing countries have, in particular, rejected the selective approach in the safeguards code, the graduation concept and the elements in the subsidies code which treat even tax incentives, aimed at attracting foreign investments, as subsidies liable for countervailing action. If all these remain features of the multilateral trade negotiations, developing countries will be restrained in their aspirations for speedy industrialization and quick improvement in their standards of living. The GSP may be taken away from them the moment their exports become slightly competitive. If their exports remain competitive after the GSP is withdrawn, selective and discriminatory action can be taken against them even while traditional large suppliers (which are usually the developed countries) are exempted from similar controls. It is therefore hoped that this session will expose and reject these pernicious features of the negotiations.

Protectionism is like a many-headed monster. Even before you can succeed in cutting off one of its ugly heads, another grows and threatens menacingly. Protec-

tionism in international trade in goods is now being extended to international trade in services, in particular international civil aviation. May I refer you to the section in the Arusha Programme on protectionist devices in the services sector. The Group of 77 expressed special concern over schemes such as those introduced under the new Australian policy on international civil aviation, which is designed to exclude developing countries from access to developed country markets. Such schemes must be arrested and checked in their tracks before they become firmly established.

The Australian-inspired international civil aviation policy is an arrangement to limit point-to-point travel between two developed countries to the airlines of the two countries concerned—50 per cent of the passengers to be carried by the originating country and 50 per cent by the country receiving the passengers. Intermediate countries along the long international route, usually developing countries, are not allowed to participate in the carriage of the international travellers between the two developed countries. Stopovers in the intermediate developing countries are also discouraged through a prohibitive surcharge, thus affecting not only the growth capability of airlines of the developing countries but also those countries' tourist industries.

ASEAN, the intermediate developing region between Australia and Europe, has in the past year been trying to find a mutually acceptable solution to the problems created for the ASEAN countries by Australia's policy on international civil aviation. In itself, the low fare which is now being offered to the Australian travelling public is not opposed by ASEAN. All ASEAN asks is that it should be allowed to participate in the carriage of those low-fare-paying passengers, in other words, to have access to the travel market. Surely, this must be to the benefit of the travelling public.

The Australian Government introduced this policy unilaterally and without prior consultation with the ASEAN countries. Subsequently, a number of meetings, at both ministerial and official levels, were held between Australia and the ASEAN countries. The last round was concluded only yesterday with a partial agreement that will be submitted to the ASEAN economic ministers for their consideration. Because of the unity and solidarity of the ASEAN countries, they have been able to extract some minimal concessions from Australia. There are three general lessons to be drawn from this episode. The first is that protectionism is a many-headed monster and that developing countries must be vigilant in detecting and combating the new forms of protectionism practised by the developed countries. The second is that the developing countries must act in unison and solidarity and resist the division tactics of the developed countries. The third is that the inequality in economic power between the developed and the developing countries means that, even when the developing countries are acting in concert, the concessions they succeed in extracting from the developed countries are likely to be very minimal.

Today we have before us the Arusha Programme. Whether or not it is accepted for implementation will depend on more than good intentions. It will also depend on the realization by the developed countries that

wealth must not remain their monopoly. The countries represented here today must therefore jointly devise a co-operative system to promote global economic growth and international equity. It is in the interests of the

developed countries to respond quickly and positively to the developing countries. We should avoid a situation in which peaceful change seems hopeless and violent change the only hope.

**Statement made at the 150th plenary meeting, on 9 May 1979,  
by the Marquess of Nerva, Ambassador of Spain**

First of all, I would like to express my warm thanks to the Government and people of the Philippines for the very kind and cordial welcome they have extended to us and for the exceptional facilities provided, which constitute the best possible basis for the efficient conduct of this Conference. I would like to stress that Spain and I myself are especially pleased that our hosts are the people and Government of the Philippines.

As is well known, from the beginning of the sixteenth century, when an expedition under the Spanish flag, made up of the Portuguese Magellan and the Spaniard Elcano, discovered the Philippine Islands for the western world, until the end of the nineteenth century, Spain maintained fraternal relations here with the Philippine people for over 300 years, giving the best of its culture and its understanding of life and its Christian philosophy.

In this respect, as Spaniards, we are proud to have made a substantial contribution to the formation of the spirit of universality which the Philippines has displayed in hosting this large international conference. I can assure you that the cosmic and universal vision which inspired President Marcos in his outstanding and vigorous opening statement is in line with that of the great Spanish thinkers of the sixteenth and seventeenth centuries. The Philippines has a transcendental role to play in the modern world: that of a bridge between East and West.

The international economic structure conceived during the 1940s has entered a period of crisis which is obviously not a cyclic crisis, but rather reflects a basic structural disorder in the international economy and can therefore be overcome only through active co-operation among countries at varying levels of development.

The Spanish delegation comes to this fifth session of the United Nations Conference on Trade and Development with an open mind regarding the understanding of the serious problems facing us and with a firm will to overcome them.

Consequently, we fully endorse the statement of Mrs. Imelda Romualdez Marcos, First Lady of the Philippines, to the effect that we must face up to the problems in order to resolve them, rather than engage in a confrontation of our interests and our viewpoints.

The achievement of a new kind of international economic relationship based on the interdependence of economies implies the establishment of new objectives and consequently a review of the activities of the international organizations. The United Nations Conference on Trade and Development, at its fifth session, and in its sphere of competence, must participate in the deter-

mination of these objectives and in the formulation of the measures necessary to achieve them. We believe that, while adjustment to the new economic circumstances is both inevitable and desirable, the establishment of new goals and functions will be effective only if their definition and creation is the result of a consensus among all countries or groups of countries participating in the Conference.

One of the ways to achieve tangible progress along the path of development is to encourage economic change largely through the industrial sector. My country is aware of this point, as is borne out by our recent industrialization process. Our experience in this area has enabled us to help other countries and to co-operate with them.

Spain is a country which has attained a certain level of development as a result of the great efforts made during recent decades, and it is therefore particularly sensitive to the problems of the developing countries.

With regard to the transfer of resources from the industrialized countries to the developing countries, Spain, as a country at an intermediate level of development, is making efforts, within its national budgetary limitations, to improve its participation in the transfer of financial and real resources to the developing countries. It is giving special attention to the situation of the least developed countries, whose balance-of-payments situation seriously threatens to retard their capacity for growth.

In my Government's opinion, the key to a healthy and independent economic situation lies in the ability to achieve self-sustained growth, and in this respect I believe that there are two factors which should be emphasized: access to markets and transfer of technology, both of which we shall be dealing with at this Conference and both of which play a vital role in the achievement of that goal.

On the question of access to markets, I am perfectly aware that the present international crisis makes negotiations between countries with different levels of development particularly delicate; but I am convinced of the need to regulate the barriers of all kinds which impede access to markets for products and goods from the developing countries.

The formulation of rules of conduct for the transfer of technology is one of the items before the Conference which my Government considers to be an essential element in the remodelling of international economic relations and on which the desired progress has not been made, given the crucial importance of technology for

the economic growth of the developing countries. I therefore believe it is extremely important that efforts in this field should be continued.

Spain believes that it can play an important role in this area in view of its development in intermediate technology, since this category of technology is the most easily adaptable to the needs of the developing countries.

One of the results of the fourth session of the Conference was the Integrated Programme for Commodities, whose main objective was the improvement of the real trade relations of the developing countries and the gradual elimination of the economic imbalance between the industrialized and developing countries. The Common Fund was conceived as the new international financial institution which was to be the corner-stone of the Integrated Programme. It was to serve as the catalyst for the signature of international commodity agreements which were of particular economic relevance to the developing countries.

As a result of the Nairobi Conference and the third round of negotiations for the establishment of the Common Fund, approval in principle was achieved, by consensus, on an agreement which, although it does not cover all the points of Conference resolution 93 (IV), lays the foundations for the establishment of the Common Fund.

Two of the current problems in the international economy—inflation and the uncertain monetary situation—are having a particularly adverse effect on the export earnings of the developing countries. It is to be hoped that the Common Fund will bring about a substantial improvement for these countries by promoting stability in their export earnings from commodities, earnings which are particularly valuable to their economies.

My country has played an active part in the negotiations for the establishment of the Common Fund, making a considerable effort in accepting the financial obligations which its adherence to the Fund will entail. It has done so with a view to promoting rapid progress in the negotiations so that the agreement constituting the Fund may be signed as soon as possible.

**Statement made at the 147th plenary meeting, on 8 May 1979,  
by Mr. Lalith Athulathmudali, Minister of Trade and Shipping of Sri Lanka**

I would like to begin by thanking the Philippine Government for its warm hospitality and the admirable arrangements made for this Conference. This splendid Conference complex is a symbol of the Philippines' contribution to international co-operation for development.

It is a particular pleasure for me, both as the Chairman of the Asian Ministerial Meeting held in Colombo last January in preparation for the fifth session of the United Nations Conference on Trade and Development, and on behalf of the delegation of Sri Lanka, to con-

We are aware, in this respect, that progress will have to be made on several important points, including the problem of the second window, before it is possible for the Common Fund to become operational, and for this reason we shall collaborate actively in the work of the Interim Committee which is to begin its meetings next September.

In a different context, the Government of my country understands that the multilateral regulations governing trade between the various countries and the international monetary system must be improved. We understand that this reform, which has already been partly initiated, must be carried out within the framework of the existing international multilateral organizations and agreements, with the decisive and valuable co-operation of UNCTAD.

Furthermore, among all the subjects before this Conference, my country wishes clearly to express its concern regarding the particularly serious problems affecting the least developed countries, island countries and landlocked countries, problems which have led the international community to recognize the special nature of these three groups of countries.

Lastly, before concluding this statement, I would like to refer to the important item on institutional issues.

In accordance with the approach indicated by the Secretary-General of the United Nations in the statement which we heard at the solemn inaugural meeting of this Conference, we must all work together and strive to achieve maximum efficiency in the various bodies of the United Nations system which serve the development of mankind as a whole.

If we continue with determination on this course it will lead to the new international structuring, so greatly desired by all, of the framework in which economic relations will develop.

In conclusion, and I think I am within the 15-minute limit set by the President, I would like to tell him that the Spanish delegation agrees that what is required is practical deeds, not words. Convinced as we are of his exceptional ability and experience in carrying out this task, the Spanish delegation wishes to express to him its admiration and to offer him its most sincere co-operation.

gratulate you, Mr. President, on your election to the presidency of this session. It is a fitting recognition of your outstanding qualities and a tribute not only to the Government and people of the Philippines, to whom we are bound by close ties of friendship, but also to the people of Asia and the developing world as a whole. We look forward with confidence to the guidance you will give this Conference.

I would also offer my congratulations to Mr. Laloux, our Rapporteur, and the other members of the Bureau. Let me also acknowledge the signal honour done to Sri

Lanka in the election of Mr. Jayawardene as Chairman of Negotiating Group IV and of myself as one of the Vice-Presidents of this meeting.

I take this opportunity on behalf of the Asian Group to welcome the Seychelles, Djibouti, the Solomon Islands, Dominica and Tonga, which have become members of UNCTAD since the fourth session of the Conference, at Nairobi.

Mr. Ferdinand E. Marcos, President of the Philippines and an outstanding leader of the third world has, in his inspiring keynote address, aptly summed up the challenge and opportunity before us.

Peace and prosperity are interlinked. That link must be accepted as the basic premise for the evolution of international co-operation. We are coming to realize that prosperity, like peace, is indivisible, and that to enjoy prosperity with security one has to share it with others. This realization may be mixed with a subconscious feeling that, even if prosperity has to be ultimately shared, it can still be enjoyed exclusively for some time to come. But, if such a feeling exists, it must be dispelled as soon as possible, because it is unacceptable that poverty should be the destiny of the majority of mankind.

We are not dealing here with the interests of one group of countries as opposed to another group of countries, nor are we thinking of a confrontation between rich and poor nations. The problems we are dealing with here are a problem for the international community, just as much of a problem for each member of that community, whatever its stage of development, poverty or wealth. Just as in a national community no country would accept today that one part of it should be wealthy and prosperous and another part poor and underprivileged, so it is true also of the international community.

The dilemma that faces the international community is the existence of economic disparities between the developed and the developing nations which are not consonant with their political equality, an equality that makes them impatient to initiate measures of social and economic reform that help to accelerate their development process. There is an awareness that poverty is not inevitable, that there is a right to expect better living conditions, a right to a better quality of life, for that is what development is all about, namely, the betterment of humanity.

What is at stake here is the shortcomings of trade that exist between all of us, the vast possibilities for economic development through a more rational utilization of humanity's resources and an equitable international economic order. It is the common interests and goals that we must promote together, whatever may be our difficulties. Otherwise we shall in the final analysis all be losers.

In the coming days, my colleagues from the other countries will be dealing with the problems of international trade and economic development. As the Secretary-General of UNCTAD states in his report to this Conference, the issues are not new and they reflect the major concerns of the developing countries in the area of international economic relations. They are contained in the Arusha Programme for Collective Self-

Reliance and Framework for Negotiations. I, like the representatives of other developing countries, will look forward to the developed countries' response in action to our proposals.

The world economy is in the throes of the deepest and most prolonged crisis it has faced since the Second World War. We see a world troubled by monetary turmoil, inflation, low levels of investment, reduced economic growth, widespread unemployment and, in the trade sphere, continued protectionist pressures. The developing countries have had to bear the most severe burdens of readjustment, not only to the crisis itself but also to the measures adopted by the industrialized countries in spasmodic attempts to stem the crisis. These are matters of the greatest concern to all of us, and unilateral action without reference to the interests of the developing countries is a negation of international economic co-operation. If international economic co-operation is to have a real meaning, then decisions cannot continue to be taken by small groups of countries. That would be an intolerable situation.

It has become increasingly evident that the general disarray of the world economy is of a structural nature and that mere tinkering with existing principles and rules will not be sufficient to deal with the new realities or to provide new directions for trade and development. It is equally evident that we must all act together in an entirely new and much more comprehensive way to reshape the international economic system and to recreate a climate for global economic expansion so as to accelerate the development process. That entails shifts in the existing patterns of production, consumption and trade, and an acceleration of the industrialization of the developing countries. It means that developing countries must have full and effective control over the use of their domestic resources. It means that the developing countries must have a much greater share in the management and decision-making of the world economic system and in the establishment of the new international economic order, for these countries have been playing an increasing role in the economies of the developed countries. It has taken four years of stagnation and recession for people to appreciate the role played by the markets of developing countries in sustaining economic activity in the industrialized countries and to recognize that the most dynamic trade flows are going to be those between North and South. Finally, it means that the existing international framework must be replaced by a system that incorporates fundamental principles and rules that take full account of the requirements of the developing countries.

How can a climate for global economic expansion best be recreated? Quite obviously there should be inducements to invest, but that is not compatible with monetary instability. There must be a fundamental international monetary reform in order to ensure a more orderly evolution of exchange rates. The main elements of such a reform were endorsed by the Group of 77 at Arusha, and the recent meeting of the IMF Interim Committee has indicated a real interest in phasing out the role of reserve currencies and replacing them by SDRs. This Conference must support that trend, because it is only against a stable international monetary

background that trade and development can expand without interruption.

Similarly fundamental thinking is required in relation to the transfer of resources to developing countries. It is widely accepted now that effective international demand has been maintained in recent years through the relatively successful way in which the private banking system has rechannelled or recycled financial surpluses to several developing countries. Yet the very absence of a crisis situation in those years has led to a neglect of more fundamental approaches to problems which are only now being felt. The recycling has resulted in a veritable explosion of developing country debt, and countries with high debt service ratios are beginning to reduce their borrowing in the interests of prudent debt management. On the other hand, the supply of available funds continues to increase. Today the Eurodollar market has increased to a gross value of \$800 billion, with an increase in the flow of funds accruing to it of \$25 billion in the third quarter of last year alone.

What is needed is a mechanism with an interest subsidy element for tapping the liquidity available in international capital markets under the collective guarantee of the international community and for making these resources available largely in the form of programme lending to developing countries. Indeed, an interest subsidy ought to be readily financeable out of the savings on unemployment benefit alone as activity revives in the developed world. Various ways of implementing a proposal based on the collective guarantee of the international community are feasible. In fact, analytically, several of the proposals separately identified in Arusha are implementable in this way, whether specified as an increase in the capital of the World Bank, a longer-term balance-of-payments financing facility or the Mexican proposal. One mechanism worth pursuing initially is that of launching development bonds under the guarantee of interested countries, with arrangements for democratic decision-making procedures.

Basic to this approach are the economic policy conditions on which funds that are so raised are disbursed. It is arguable that the traditional international financial institutions, the World Bank and IMF, have put off clients because of the conditions that have been imposed on their lending. Equally, private banks have flourished in recent years to the extent to which they have pressed money on borrowers irrespective of the domestic economic policies being pursued.

An international initiative which seeks, in effect, to provide to the world economy a momentum that the private banking system is finding it increasingly difficult to furnish must also meet the challenge of providing finance on a basis that is both acceptable to countries and compatible with the practice of sound economic policies.

But if this challenge is to be successfully met, there can be no other basis for a large-scale programme-financing facility than the association with it of a decision-making formula according to which, as suggested at Arusha, "developing and developed countries will have equal representation and voice". To sum up, the fundamental characteristics of any acceptable proposal are that the amounts should be significant in relation to the prob-

lems at hand, readily disburseable and available on terms compatible with the social and economic realities of the third world, and that the system should embody the principle of equality of decision-making between developed and developing countries and be of benefit to all countries.

With regard to the problem of the external indebtedness of developing countries, I was privileged to preside over the ministerial meeting of the Trade and Development Board on debt last year. It is a matter of some satisfaction that agreement was reached on a consensus resolution whereby developed countries agreed to retroactive adjustment of the terms of some outstanding bilateral ODA debts and on a set of concepts for guidance in future debt operations. Already the Netherlands, Canada, the Federal Republic of Germany, Sweden, Norway, the United Kingdom, Japan and Switzerland have announced their debt relief measures. While some have restricted the benefits to the least developed countries, others have extended them to the most seriously affected countries, including Sri Lanka. I would hope that the resolution will be applied in the most liberal manner possible, so as to relieve the poorer developing countries of a very heavy debt service burden.

There is an urgent need for a substantial stepping up of ODA, through binding commitments, in order to ensure the continuous flow of ODA and to place these resources on a predictable basis. If the developing countries are to achieve a satisfactory level of development in the coming decade, they will require assistance of greater quantity, scope and quality from both the market-economy and the socialist countries. Much ODA has been in the form of project financing. Yet the balance-of-payments problems of developing countries are essentially of a structural nature. As I have already said, aid in the form of increased programme finance would be of more immediate effect in reversing the serious under-utilization of capacity in these countries. Again, financing has generally been limited to the foreign exchange component and, as a result, worthwhile projects directed at economic and social development, but with a low foreign exchange component, have been neglected. I would urge that donors consider seriously the extension of aid to include the local expenditure involved in such projects.

*Pari passu* with this, of course, continuing emphasis will have to be placed on trade issues, where recent developments have been most unfavourable. It is said, and it is probably true, that the existence of the multilateral trade negotiations—and of GATT itself—has prevented things from getting worse. It is said that, as a result, protectionist measures have not proliferated as much as was threatened and have so far been limited to relatively few sectors of trade, for example textiles, clothing and footwear. Fair enough. But these are the very sectors in which developing countries have a comparative advantage and which offer them the means of achieving their industrialization goals. And protectionism has now spread into industries in which they compete mutually with the developed countries. There is therefore little comfort in being told that things might have been worse when in fact it is the exports of



developing countries that are the main target for restrictive measures. There is something inconsistent and ironic in encouraging these countries, through technical and financial assistance, to diversify and increase their production and then preventing them from selling what they have produced. Their development plans and prospects depend in ever greater measure on their being able to expand their export earnings.

In the multilateral trade negotiations, which, we are told, are completed, but yet not quite completed, many of the major concerns of the developing countries persist. Indeed, little regard has been paid to the very clearly enunciated objectives of the Tokyo Declaration, nor has there been the political will to seek solutions conducive to the expansion of reciprocal trade between the developed and developing countries, on the basis of stability and security. Developing countries like mine were told at the beginning of the negotiations that the very fact of their participation would be considered as a sufficient contribution to the negotiations. Instead, it would appear that they are being called upon to assume obligations and responsibilities in the many codes that have emerged which they did not have in the General Agreement on Tariffs and Trade, and this without receiving any fresh benefits worth speaking about. In this connection, my Government would expect that the benefits that accrue under the codes would be extended without reciprocity to non-participants in the codes on the time-honoured principle of MFN treatment. The multilateral trade negotiations have been revealed as negotiations among unequal partners. The efforts of the developing countries to improve the framework for international trade have been put aside. The negotiations have not contributed one iota to the achievement of a new international economic order. Instead, protectionism and concepts of "fair" trade, "organized" expansion of trade and "regulation" of trade have been given a respectability not contemplated when the negotiations were launched.

Protectionism and variations on that theme are not the answer to the problem. It is inevitable that, with industrialization, developing countries will acquire new capacity to produce and export an increasing range of products. Equally, they will require markets for those products, not only in the industrialized countries, but in other developing countries as well. The industrialized countries must therefore be prepared to make room for imports from the developing countries even though there would be difficulties, especially sectoral difficulties, for them in doing so. For it should be remembered that the developing countries' share by value of the total imports of manufactures by the developed market-economy countries is only 7.5 per cent, and that trade in manufactures between those two groups of countries is as much as 4 to 1 in favour of the developed market-economy countries. In such conditions, it would be less than wise for the industrialized countries to protect their domestic industries from competing imports from the developing countries. This Conference must address itself to measures to contain the trend of protectionism, both in its short-term and in its long-term aspects, to the restructuring of industrial production and trade, and to policies of adjustment and adjustment assistance.

If I have spent some time on this subject, it is because the multilateral trade negotiations are all too fresh in our minds and because it is clear that the solutions to the trade problems of developing countries will not be found down that road, for their needs have been treated as exceptions to basic principles rather than as an integral part of those basic principles.

We are now at the fifth session of the Conference, and in the case of many commodities even the preparatory work has not made satisfactory progress, while on others the discussions have not fully advanced to the stage of negotiations. Of those commodities that were not covered by international agreements before the fourth session of the Conference only natural rubber, one of Sri Lanka's principal exports, has been the subject of negotiations. Producers and consumers of this commodity were able, just three weeks ago, to agree on the key elements of an international commodity agreement, including a 550,000 tons buffer stock to moderate price movements with lower and upper indicative price levels. There is, of course, still some way to go, but it is clear that the back of the negotiations has been broken.

With regard to tea, there is an understanding in principle to work towards an international agreement having economic provisions focused on improved real export earnings, but progress has been slower than I had expected. Coming from a country which relies on exports of tea for a very large part of its export income, I am naturally anxious that a satisfactory agreement should be reached.

After two years of protracted negotiations, we now have an agreement on the fundamental elements of the Common Fund which has, in the process, taken on a symbolic character for the whole North-South dialogue. It is not what the developing countries had in mind when they entered into the negotiations, and when they conceived of the Common Fund as the central source of financing. But it is without doubt a significant innovation in the institutional field and deserves the support of us all in our collective endeavours to restructure commodity trade and markets. There is much more work to be done in drafting articles of agreement, in the Interim Committee that has been set up, before they can be adopted by the negotiating Conference scheduled for later this year. But the progress which has been made should give renewed impetus to the negotiation of individual commodity agreements and the amendments of existing agreements to take advantage of the resources and facilities provided by the Common Fund.

As the Integrated Programme for Commodities envisages, the solutions to the problem of primary commodities, apart from price stabilization measures, must be of many kinds. They should include increasing the share of developing countries and the improvement of their position in the marketing, distribution and transportation of products, the increased participation of those countries in the processing of their products, and the provision of access to markets both in industrialized countries and in the developing countries. Compensatory financing could also play an important part in the overall commodity strategy, and we should explore ways by which it could supplement the stabilization of prices through commodity agreements when the

latter are unable fully to resolve situations that arise for individual countries as a result of fluctuations in their commodity export earnings. These are aspects of the Integrated Programme which have been relatively neglected up to now and which should be pursued at this session.

The Code of Conduct for Liner Conferences has now been ratified by 32 countries, all of them developing countries. We would hope that the developed countries which voted for it now feel in a position to ratify it themselves and thus to bring it into effect.

While the right of developing countries to participate in the liner trade has been recognized, it has not been extended to the bulk trades. This Conference should recognize the right to equitable participation of developing countries in the carriage of bulk cargoes. On the question of open-registry operations, UNCTAD should conduct further studies on the repercussions of their being phased out and on the economic and social impact this would have on the economies of developing countries.

We are convinced that collective self-reliance is an indispensable requirement for our advancement. Indeed, the document which emerged from the Ministerial Meeting of the Group of 77 last February symbolizes that conviction. Collective self-reliance connotes political solidarity among developing countries and an expansion of economic co-operation among them. It is a key element in the restructuring of the international economic system. It is no longer a mere slogan but a vehicle for the development of concrete relationships, ranging from a global system of trade preferences and joint ventures among developing countries to the establishment of payments and clearing arrangements and the creation of third world banking institutions. If we consider that the developing countries still have the largest potential markets, the possibilities are enormous. We look to the support of the international community in our endeavours in this field.

**Statement made at the 166th plenary meeting, on 18 May 1979, by Mr. Fawzi Wasfi,  
Under-Secretary for National Economy, Ministry of Finance and National Economy of Sudan**

It is a great honour for me to address this distinguished gathering. First of all, I wish to convey to you the greetings of Mr. Gaafar Mohammed Numeiri, President of the Democratic Republic of the Sudan and current Chairman of OAU, together with his best wishes for the success of this Conference. I would also like to take the opportunity of the convening of the fifth session of the United Nations Conference on Trade and Development in the beautiful city of Manila to express my great gratitude and sincere appreciation to the President, Government and people of the Republic of the Philippines for the warm reception and hospitality accorded to us and for the splendid efforts and arrangements they have made to ensure the success of this meeting.

This Conference will concern itself with many important issues relating to technology, trade between countries having different economic and social systems, and the special development problems of the least developed, the land-locked and the island developing countries. My own country is not unfamiliar with the special problems involved in the development of island economies.

This Conference will also have to address itself to the role of UNCTAD in the process of negotiations in the field of international economic co-operation. We must recognize clearly that UNCTAD is a major forum for the evaluation of world economic developments, for initiating discussions on new concepts and policies, and still more for negotiations on a wide range of issues relevant to international economic relations. The role of UNCTAD as the principal instrument of the General Assembly for international negotiations on international trade and development, particularly in the context of negotiations on the establishment of the new international economic order, must be reaffirmed at this Conference.

Dealing as it will with the major areas of international co-operation for development, this Conference will indeed be all-embracing, and this brings me back to where I started. The problem of development is a problem of the international economy as a whole. It is clear that the system as at present constituted is incompatible with the needs of development and that this incompatibility cannot be removed within the framework of conventional ideas and traditional concepts. In a sense, the theme of this Conference will be a plea for integration in the world economy of all those countries and peoples that have hitherto been on the periphery, a plea for a new and mutually beneficial relationship which will provide a fresh stimulus to economic growth. I cannot hide the feeling that it is by the extent of the response to this plea that the future will judge the wisdom and the sensitivity of the world community in addressing itself to a common goal, the goal of a world of peace and prosperity and a world that will belong to all mankind.

To you, Mr. President, I offer my sincere congratulations on your election to the presidency of this Conference. We are confident that, under your wise leadership and guidance, we shall achieve the desired results. We also wish to express our gratitude and appreciation to the Secretary-General and staff of UNCTAD for their commendable efforts in preparing for this Conference. They have our best wishes for continued progress and success.

The three years that have elapsed since the fourth session of the Conference, in Nairobi, have witnessed immense efforts and endeavours to effect the necessary reforms in the present international economic order. There have been many international meetings and con-

ferences both within and outside the framework of the United Nations between representatives of the developed and the developing countries. Some of those conferences have dealt with specific subjects with a view to giving effect to the resolutions of the fourth session of the Conference. However, the international economic situation has continued to reflect the bleak picture which we observed at Nairobi in 1976. In fact, the situation has deteriorated and the international economic crisis has reached its worst level since the Second World War.

The recurring cycles of recession and inflation in the developed countries which are pursuing protectionist policies and thereby aggravating the international monetary crisis, together with the failure of a number of developed countries to meet the aid targets laid down for the Second United Nations Development Decade, have had serious repercussions on the economies of the developing countries and have widened the gap between the developing and the developed countries. They have also increased the burdens of indebtedness and debt servicing.

We therefore regard the international economic crisis as a structural crisis of an entire system that has become disjointed and has fallen out of step with reality and with the fact of the interdependence and close interrelationship between international monetary and economic issues. We therefore wish to stress once again, in this forum, the need for a restructuring of the present order through the introduction of the radical reforms that are essential to the establishment of the requisite balance in international economic relations, which should be based on principles of equity with respect to the terms of international trade, industrial opportunities and sovereignty over national natural resources, as required by the resolutions of the sixth special session of the General Assembly of the United Nations concerning the new international economic order.

As I have said, this Conference is being held following a period in which the international community made many efforts to bring about the requisite reforms in the international economic system. We should now pause to take stock of both the positive and the negative results achieved so far, in order to establish the correct approach to the various issues on our agenda and to put them in the right context. We came to Manila in the hope of reaching positive decisions concerning issues on which we have been unable to achieve any tangible progress in other forums since the convening of the fourth session of the Conference at Nairobi.

It is regrettable that no real progress has been achieved in the implementation of resolution 93 (IV) concerning the Integrated Programme for Commodities, particularly in the negotiations on individual commodities. It is our hope that joint efforts will be made and that flexibility and political determination will be shown with a view to concluding the preparatory negotiations and commencing the negotiating conferences on those commodities, concerning which a number of preparatory meetings have already been held.

In our view, the agreement reached by the negotiating Conference on a Common Fund at its third session constitutes, despite certain shortcomings, the first positive

step taken by the international community after protracted negotiations. We hope that the *Ad hoc* Committee and the negotiating Conference will be able to remedy those shortcomings, since we have already waited so long for the implementation of the Integrated Programme for Commodities and the time has now come for us to lay the real foundations for the implementation of the Programme as a whole.

My delegation wishes to stress the importance of linking the New International Development Strategy for the Third United Nations Development Decade with the Programme of Action for the Establishment of the New International Economic Order, taking into account the interests of the least developed countries, to which due priority should be given in accordance with the immediate action programme and the programme for the 1980s with respect to this group of States. It would be totally unjust for us to disregard the disparity in rates and levels of growth and the adverse effects suffered by one category of States as a result of structural factors and causes that are not of their making. If it is our intention to bridge the income gap between the developing and the developed countries through the introduction of reforms to ensure a kind of economic balance in international economic relations by increasing the growth rates of the developing countries, it would be better for us to pay more attention to the poorer and the least developed countries so that the result of our endeavours will be the balanced and equitable achievement of structural equilibrium among the developing countries themselves. My delegation therefore believes that the least developed countries should be given greater consideration in the formulation of a new international development strategy, in view of the difficult circumstances which those countries are experiencing as a result of inflationary increases in the prices of strategic and capital goods. Unless the international community adopts such measures, the objectives envisaged in the international development strategies will not be achieved by the year 2000—at least not in the case of a great majority of the developing countries—and the end result will be counter-productive and inconsistent with the aims of the development strategies and with the objectives and purposes of the proclamation of the new international economic order, since the rich will grow even wealthier while the poor will languish in the depths of poverty and backwardness. This is definitely not our intention. Accordingly, we appeal to this Conference to approve the immediate action programme and the programme for the 1980s.

The shortcomings which we have observed in the performance of the international development strategy lead us to the questions of the inadequate transfer of resources, the meagre flow of financial and technical assistance, the short supply of loans on easy terms appropriate to the circumstances of the developing countries and their short-term and medium-term balance-of-payments problems and, finally, the indebtedness and debt servicing burdens of the developing States. Although we are grateful to the small number of developed countries which have allocated 0.7 per cent of their GNP to official aid, we now call upon the other developed and wealthy countries which have not yet fulfilled their obligation to do so with all speed in order

to increase the growth rates in the developing countries, in accordance with the targets laid down in the international development strategy of the mid-1970s.

Statistics indicate that, owing to the meagre flow of financial resources and official aid, the rates of growth of the gross national incomes of the developing countries as a whole have fallen short of the target of 7 per cent and amount only to 4 per cent, which is equivalent to the growth achieved during the 1960s, while the growth rates for the least developed and other disadvantaged countries are even lower. This situation must be remedied. My delegation supports the suggestions for its solution made in the Arusha Programme for Collective Self-Reliance, which calls for the adoption of urgent remedial measures under a programme which would commit the developed countries, which have so far shown reluctance, to double their official aid. We also support the recommendations of the Committee of the Whole concerning the transfer of real resources to developing countries, particularly those that call for official aid to least developed countries to be converted into grants. In this connection, I would like to express my delegation's appreciation and gratitude for the steps taken by the Governments of certain developed countries, particularly the United Kingdom, the Federal Republic of Germany, the Netherlands and Sweden, which have had a significant effect in helping my country to further its development efforts. The transfer of resources to the developing countries must become more comprehensive, so as to ensure an increased, continued and steady flow of resources closely related to development programmes. We expect international and regional multilateral financial institutions, particularly the World Bank, to adopt more positive measures in this respect, to activate finance channels and to soften their terms. This requires the revision and modification of the statutes and regulations of those institutions in order to make them more appropriate to development objectives and circumstances in the developing countries. We also emphasize the importance of providing long-term facilities for the financing of the developing countries' capital goods requirements; the existing machinery was established over three decades ago, and no serious attempt has been made to modify and adapt it to keep pace with changing circumstances.

The repercussions of the international monetary crisis in terms of inflation and sudden fluctuations in the exchange rates of major currencies are aggravating the development problems of the developing countries. This is proof of the close link between international trade problems and international financial and monetary questions. Under these conditions, the developing countries have suffered greatly; they have borne the heaviest burden in the international process of the balancing of accounts, which has forced them to curtail their development programmes and has burdened them with debts. This state of affairs requires the adoption of urgent measures to establish a new monetary system which will ensure the stability of currency exchange rates and stimulate international trade, thereby furthering development efforts in the developing countries. The radical reform of the international monetary system must take place within the framework of the new international economic order. That entails participation by

the developing countries in the decision-making process and in administrative matters relating to monetary issues with international implications for the new monetary order, which we hope will guarantee appropriate and fair procedures for the establishment of an equitable international balance between all States. We also hope that it will create a link between the increases in SDRs and development financing needs. Moreover, we hope that the necessary steps will be taken gradually to bring about reliance on SDRs as a basic international reserve. In this connection, I would like to stress the importance of improving the performance of the compensatory financing facilities as a means of attenuating the effects of the inadequate purchasing power of the developing countries' export earnings, and the need for IMF to make special allowance for the requirements of the developing countries and the external factors that adversely affect their balance of payments and to soften its usual harsh terms when it is asked for assistance.

The restructuring of the international monetary system is an imperative need in the prevailing international financial and monetary conditions. We hope that this Conference will endorse the recommendations made in this connection at the Fourth Ministerial Meeting of the Group of 77 at Arusha, particularly the recommendation which calls upon the Conference to set up, at its fifth session, a specialized group of governmental experts within the framework of UNCTAD to study the basic issues relating to the establishment of an international monetary order responsive to the long-term needs of the developing countries in the field of trade and development.

The developing countries are aware that the principle of self-reliance and the concept of collective co-operation are a vital part of the new international economic order and that economic and technical co-operation among the developing countries is the only means of realizing the principle of collective self-reliance. The Sudan has achieved some positive results within the framework of economic and technical co-operation with other developing countries at both the bilateral and multilateral levels. It is our hope that even greater progress will be made by more extensive co-operation in the implementation of specific projects, particularly in the fields of agriculture, livestock and food supplies, if we can benefit from the experience of other developing countries. Similarly, the Sudan's six-year development plan offers opportunities for investment and joint financing by States and institutions wishing to participate therein.

Accordingly, we are very hopeful that UNCTAD will play a prominent role in the promotion and furtherance of ECDC and in the development of co-ordination with other specialized bodies, particularly UNDP, in view of the close link between economic co-operation and technical co-operation among developing countries. We also hope that the international community will take the necessary measures to implement the resolutions and recommendations contained in the Mexico and Buenos Aires plans of action for economic and technical co-operation among developing countries.

As I have already stated, at this Conference we are faced with many challenges in an international economic climate subject to sudden changes and recurrent crises, of which we in the developing countries are the victims more often than the developed countries. At the Nairobi session of the Conference and in other forums we were able to identify and define those problems and crises, and they were also acknowledged by the developed countries. However, we were unable to agree on solutions to most of them either at the Paris meetings in connection with the North-South dialogue or at Geneva. There are problems relating to the transfer of technology, agreement on a code of conduct to regulate that transfer, the issue of debt burdens, the multilateral trade negotiations currently taking place within the framework of GATT, and other questions relating to international economic co-operation. Any progress in those issues would benefit not only the developing countries but all States, irrespective of the differences in their levels and rates of growth, their systems of government or their political and social institutions. The joint interests and common good of all States make it incumbent upon us to endeavour to effect reforms and to reach agreement on ways of promoting a continuing interrelationship between those interests and the interdependence of States.

An increase in growth rates, higher incomes and improved socio-economic standards of living in the developing countries would have positive effects in the developed countries by helping to alleviate their chronic unemployment and recession. This is not merely an assumption on my part, but is an axiom of contemporary economics of which we are all well aware. Let us unite, therefore, in a common effort to overcome the obstacles and to achieve our aims and objectives by displaying a fitting amount of political will and a spirit of co-operation and mutual understanding in all our deliberations. Let this present Conference be one of positive achievement. Having waited hopefully for so long, we trust that we will find in Manila a justification for our patience and optimism.

We cannot speak of development and the establishment of a new international economic order while some peoples are still living under foreign occupation and colonial domination and suffering from oppression and policies of racial discrimination. The Palestinian Arab people and the African peoples of Zimbabwe, Namibia and South Africa are still struggling to achieve their in-

dependence. Under foreign occupation, they have been forced to use their resources and potential not to further their economic and social development but to protect their very existence and to establish their right to a free and decent life. A just and lasting peace in the Middle East can be achieved only through the withdrawal of Israel from all the Arab territories occupied in 1967, including Jerusalem, and by the granting to the Palestinian people of the right to self-determination and to the establishment of an independent State in its own land.

My delegation wishes to emphasize that the granting of the right of self-determination and independence to those peoples is a fundamental prerequisite for stability and security in the Middle East, the African continent and the world as a whole. This objective is an integral part of our efforts to restructure the world economy in accordance with the principles of justice and equality.

I do not wish to conclude my address without referring to the principal forum in whose context and under whose aegis we are meeting in an endeavour to bring about the structural changes needed to pave the way for a better system of international economic relations. We have already stressed that UNCTAD is playing a central and significant role in the negotiations concerning the establishment of the new international economic order. It is our duty, therefore, to provide UNCTAD with the resources which it needs to facilitate the effective discharge of its functions in the manner which we all desire. There is also a need to discuss the present status of UNCTAD and the problems and the obstacles that impede its performance at various levels. Anything achieve that we through UNCTAD, in any field, should not mean the termination of the role of UNCTAD in that field. On the contrary, it should encourage us to envisage its role in the period following that achievement, and will mean that UNCTAD will constantly have a role to play in response to every new situation that arises out of the international negotiations on trade and development issues.

These are brief observations which I wished to put on record. I will not now repeat the recommendations of the Arusha Programme or the other recommendations concerning the various issues on the agenda of this Conference; all enjoy our full support, since they reflect my country's position on the matters in question.

I pray that Almighty God may guide our steps on the path of development.

**Statement made at the 164th plenary meeting, on 17 May 1979,  
by Mr. L. C. Zuiverloon, Minister of Economic Affairs of Suriname**

It gives me great pleasure and satisfaction to extend to you, Mr. President, on behalf of my Government and of the people of the Republic of Suriname, our congratulations and best wishes on your election to the presidency of this important Conference. It is a notable mark of confidence in your qualities, and we sincerely

wish you every success in discharging the responsibilities entrusted to you by the Conference.

I further thank the President of the Philippines, Mr. Ferdinand Marcos, the First Lady of the Philippines and Governor of Metro Manila, Mrs. Imelda

Marcos, and the Government and friendly people of the Philippines, for their warm reception, their gracious hospitality and the constant attention paid to us. I should also like to offer a special word of thanks and appreciation for the interesting programme prepared for the wives of the delegates.

The work prepared by the Secretary-General of UNCTAD, Mr. Gamani Corea, and his staff, and the really excellent arrangements made for this meeting by the Government of the Philippines, will greatly facilitate the progress of this gathering. The stage has thus been set for a successful Conference.

We also should like to underline the importance of this Conference, which, in our opinion, should not only serve as a forum for the exchange of ideas on international economic issues but should also examine the fundamental causes of present world economic problems and find suitable solutions for them.

We would like to observe that a number of measures in the field of international economic relations stipulated in the International Development Strategy for the Second United Nations Development Decade and in resolutions adopted by the General Assembly at its sixth and seventh special sessions have hardly been realized. These measures relate, *inter alia*, to the implementation and concretization, through a process of negotiation, of issues such as access of manufactured goods to the markets of the industrialized countries, more stable and preferably higher prices for raw materials, renegotiation of external debt, improved access to the technology of the industrialized countries and a growing share in the world's industrial production.

During these negotiations, there was apparent a greater awareness on the part of the industrialized countries of the urgent need to create a more just and equitable system of international economic relations. Unfortunately, an important part of the negotiations produced little in the way of concrete action. Although agreement was reached on fundamental elements of the Common Fund under the Integrated Programme for Commodities, including the establishment of the first and second windows, this was possible only after major concessions on the part of the developing countries. It is our firm wish that during this Conference concrete results will be achieved with respect to the establishment of a workable system for the Common Fund.

The agenda of the Conference confronts us with a number of substantive items which are of great importance for our future international economic relations. One of the main concerns of the developing countries relates to agenda item 9 (a), on protectionism.

A disturbing development in the trade policies pursued by the industrialized countries in recent years is the increased recourse to protectionist measures. These measures have mainly taken the form of non-tariff barriers such as unilateral action or bilateral agreements. Studies on this issue have estimated that the percentage of world trade subject to some kind of protection has substantially increased in the last decade. It is evident that instrumentalities of non-tariff barriers restrict the flow of free trade and have a discouraging effect on the economic relations of the developing countries. The

future course of protectionism is therefore of central concern to the developing countries.

During the eighteenth session of ECLA, recently held in La Paz, Bolivia, much attention was paid to this subject and a resolution was adopted recommending that the secretariat of the Commission give special attention to the centralization, analysis and dissemination of all information relating to protectionist measures and their effects, and provide advisory services to developing countries in the region. It is our sincere hope that, in co-operation between developing countries, means and devices can be found for a rapid solution for this problem.

We support the efforts of UNCTAD to strengthen ECDC. In the field of industrialization, we are of the opinion that joint ventures among developing countries can be instrumental in changing the industrialization pattern of those countries. A large potential exists in these countries for joint ventures in agriculture, manufacturing, energy and trade-related services. International institutions and the United Nations system can play a catalytic role in assisting these countries to identify and finance such ventures.

Continuing and large deficits in their balance of payments, together with the stagnant level of ODA, have impelled developing countries to resort to external borrowing on a large scale.

In view of the increasing burden of debt in developing countries and the serious strain that it imposes on their import capacity, my delegation would like to call upon creditor and debtor countries to devise ways and means to mitigate this burden. We feel that consideration should be given to the possibility of converting the official debt into grants and establishing internationally agreed guidelines for debt renegotiation.

Although considerable progress has been made on the code of conduct on the transfer of technology, it has not been possible to conclude the relevant negotiations successfully. The outstanding areas on which no agreement could be reached are, *inter alia*, the character of the code, the question of applicable law and the treatment of relations between parent and subsidiary enterprises. We are of the opinion that the utmost attention should be given to this matter during this Conference, so that some consensus can be reached and a code of conduct drafted as soon as possible.

I have confined myself in this short statement to some of the problems whose rapid solution is of great importance for our future international economic relations.

As other delegates have stated, most of these problems stem from imbalance and inequalities in the world economic order.

I have the honour to represent a developing country. The people of Suriname and, indeed, of the whole developing world are not interested in beautiful sentences and well-delivered speeches. They are interested in food, jobs and a better future for their children.

One of the major problems I have to face in my country, and I believe all countries have this problem, is inflation in general. We do appeal to those countries



which are in a position to limit the causes of inflation to do their utmost to realize this for the benefit of all member States.

We are prepared to collaborate closely with all countries of the world, with all our force, to improve the living conditions of our peoples.

We are prepared to co-operate with other countries in the developing world to make the utmost use of our resources.

We shall act together with our friends from the developing world to resolve the problems of destructive protectionist policies and inflation.

It is our view that a stronger will to progress might have produced more decisive results. On the other hand,

it would be remiss to ignore certain achievements which have so far resulted through negotiations within the framework of the United Nations system. Therefore, whatever disagreements we may have, it is in the interest of all member States to look forward in a positive manner, in the hope that the negotiations that lie ahead will be concluded successfully. In our interdependent world, complex issues and problems cannot be considered in isolation, but require the co-operation of all members of the United Nations system.

We are confident that the United Nations system will again play, as was the case in the past, an important role in fulfilling the anticipated expectations.

Our country strongly and faithfully commits itself to the ideals and objectives of our world organization.

**Statement made at the 161st plenary meeting, on 16 May 1979,  
by Mr. Nqaba Dlamini, Minister for Commerce, Industry, Mines and Tourism of Swaziland**

Mr. President, it gives me great pleasure to add the voice of my delegation to those speakers who have already congratulated you on your unanimous election to preside over this august Conference. This meeting could have not been in any better hands than those of a national of this lovely country. Allow me also to express through you the heartfelt appreciation and thanks of my delegation for the warm, cordial and friendly welcome and hospitality the Government and people of the Philippines have given us. My delegation notes with great satisfaction the active role your country has played, and is still playing, in the field of international relations on matters of trade and development. The environment and atmosphere under which this very important Conference is convened gives courage and a hope that our negotiations will be successful.

The fifth session of the United Nations Conference on Trade and Development is being held at a very crucial time when international economic, social and political relations are not at their best; a situation which does not augur well for peace and stability. It is regrettable that there are people at the end of the Second United Nations Development Decade still dying from hunger and disease. The fifth session of the Conference therefore serves a twofold purpose. First, it offers us all gathered here an opportunity to review collectively and to apprise ourselves of the achievements, failures and lessons learnt from the past. Further, it offers us an opportunity to evaluate all these developments and take constructive and corrective measures. Second, it serves as a useful prelude to the special session of the United Nations General Assembly scheduled to formulate the International Development Strategy for the Third United Nations Development Decade, during this year or early in 1980.

This Conference has been preceded by detailed and extensive preparatory work and negotiating meetings, and in this regard my delegation wishes to place on record its appreciation to the UNCTAD secretariat and the other partners in this Conference who untiringly

prepared and produced the documents which are serving us as background information. It is therefore the wish and hope of my delegation that Governments represented here will be able to take the necessary political decisions to provide a framework for the implementation of the various United Nations recommendations and resolutions. The agenda items before us are subject to negotiations, and I will therefore refrain from making detailed technical statements. But first a brief overview of the world trade scene and how it affects our own situation.

When looking back over the years, one recalls that UNCTAD was the first in-depth review of the working of the world trading system since the Havana Conference of 1947 which gave birth to GATT. UNCTAD, ever since the first session of the Conference, held at Geneva in 1964, has pointed out that, unless new mechanisms were brought into play, the developing countries would experience a protracted imbalance in their trade due to inequality between the slow expansion in exports of their primary commodities and the rapid growth of their demand for imported manufactures. It has now become apparent that this is the major hurdle in the struggle to achieve the United Nations development target of 5 per cent annual growth rate for developing nations. This failure by us to participate fully in world trade has been a severe disappointment to us. Factors and underlying considerations for the recommendations of all subsequent sessions of the Conference have been inspired by our strong belief that the development of equitable and mutually advantageous trade could promote a higher standard of living, full employment and rapid economic progress in all countries of the world. To achieve this goal there has to be a realization by our partners in the developed world that there is a need for political will on their part to recognize that this issue cannot be resolved effectively without some basic changes in the prevailing structures and prevailing relationships. Even financial transfers alone cannot be the only solution without the restructuring of the prevailing international economic relations.

Mr. Robert McNamara, President of the World Bank, said on Thursday last week that since 1976 he has observed a marked increase in protectionism in the industrialized countries, and went on further to say that "the pressures for even further restrictive measures are strong". The rationale given for this ardent pursuit of protectionism has been the slow growth of their economies which results in high levels of unemployment. I am also convinced that they have opted to prescribe protectionism as a remedy to heal their industrial ailments behind those tariff walls. Let me say here that their prescription, though viable to them, is a death dose to small market economies such as Swaziland's.

To us the trend is a serious departure because, due to our relatively modest size, we have had to specialize, compete in world markets and import from the most attractive source. Over the years this policy has succeeded to a point where, for example, we have a modern sector as efficient as anywhere else in the world. This we consider is no small achievement and frankly gives us encouragement further to extend our development to all facets of our society.

Now all manner of restrictive trade practices are being introduced chiefly to underwrite employment levels in the developed countries. We have all heard about lame-duck industries and other forms of migratory fowls that have become ill-nourished because they were not killed off or allowed to use their wings in search of greener pastures. The textile industry, ship-building and vehicle assembly, to name only a few, are "kept industries" that without subsidies would have migrated from the developed to several of the more attractive locations in the developing countries.

The reverse of this situation, but of equal consequence, is the case of sugar. Our sugar industry is among the most efficient and low-cost producers in the world. Yet we are supposed to compete with European and North American sugar-beet industries that are subsidized out of all proportion to the commodity's production cost.

The startling decision by the key currency countries to suspend gold payments against the dollar in August of 1971 signified that a turning point had been reached in the effort to control financial relations through the Bretton Woods Agreement. This turn of events brought the urgent need to strengthen financial institutional arrangements which would respond adequately to the liquidity needs of developing countries. We now call for a more democratic mechanism. In short, we seek a new monetary order that will work in our favour. The floating and fluctuating of exchange rates seriously reduces the already inadequate export earnings of our commodities. This sad state of affairs only widens further the gap between the poor and the rich nations. As a solution, my delegation would reiterate the call to use SDRs for exchange purposes. It is long overdue.

Without the natural migration of industry and, in tandem, the fair exchange of goods and services, global structural reform does not take place naturally. We must therefore assist the process and in doing so establish the principle that between trading partners there exists a mutuality of interests.

We endorse the bottom-up approach to identifying, analysing and advancing common interests. The idea of going from the subregional, regional and global grouping along common interest lines is to us a practical proposition. Based on the interflow of forces from bottom up, co-operation among organizations and multicountry marketing enterprises would be a natural adjunct to this approach. While on this theme let me highlight certain aspects of the topics which I also consider to be of vital importance to my country.

This Conference is aware of the serious difficulties facing land-locked and island developing countries. The United Nations General Assembly approved the creation of the Special Fund to finance amongst other things the heavy freight, haulage and storage costs paid by land-locked countries for both their imports and exports. It is most discouraging to observe that the world community has thus far contributed very little for these worth-while objectives. My delegation would in this regard wish to appeal to all nations to make the necessary contributions.

On the question of least developed countries, we are most happy to see the recommendation of non-reciprocal trade preferences extended to global acceptance. As a minimum, this is a fundamental necessity for the least developed countries. Yet, because of the omission of criteria other than GDP, difficulties are going to be encountered in defining the group of countries that belong to the least developed category.

GDP is an acceptable criterion, but not when it is used singly. Other criteria, like nutrition, infant mortality and literacy rates, are as important as GDP, and more important when it comes to measuring the distribution effects of development or the widespread incidence of poverty. We would suggest that these and other criteria be used to define the least developed group of countries.

The failure of the negotiating conferences to agree on a code of conduct on the transfer of technology is most lamentable. This creates a serious problem in the implementation of the Lima Declaration. We none the less hope this time, late as it may be, is still opportune for all the negotiating groups to narrow their differences.

Finally, my delegation would like to endorse the views expressed in some of this Conference's working documents that technical assistance and aid are integral. We hope that co-operation among the various organs and specialized agencies of the United Nations economic system will continue, and we think that UNDP and other United Nations agencies should be given multiprogramme pledges to facilitate long-term planning.

The Manila Conference will, and rightfully so, overlap topics discussed and negotiated in other forums. The lack of progress in the North-South dialogue and in the GATT multilateral trade negotiations is of great concern to my delegation. We are hopeful that acceptable formulae and mechanisms will soon be negotiated and agreed. My delegation is in full support of the liberalization of international trade; but any mechanism must fully recognize and respect existing bilateral ar-

rangements or agreements. There should be no loss of benefits without adequate and equitable compensation. Appropriate safeguards must be made for the interests

of developing communities and the assurance that the commitments undertaken in the Tokyo Declaration are fulfilled.

**Statement made at the 148th plenary meeting, on 8 May 1979,  
by Mr. Hadar Cars, Minister of Commerce of Sweden**

On behalf of the Swedish Government, I would like first to express my gratitude to the President of the Philippines and to his Government for their hospitality and for the very excellent arrangements made for this Conference.

It is now more than 10 years since a session of the United Nations Conference on Trade and Development was convened in an Asian capital. These years have been years of unprecedented global international co-operation, of rapid development for some but also of frustrated efforts for many. They have also been a test, a challenge to our international economic system. Many of our economies have suffered shocks and strains of a magnitude unparalleled since the creation of the United Nations. A food crisis and an energy crisis, recession and monetary unrest, are but the most obvious problems we have had to grapple with. These strains have exposed the vulnerability and the shortcomings of the present world economic order.

These difficulties have, however, helped us to assess more realistically our potential as well as our limitations. Above all, they have helped us to perceive more clearly that the world economy is an integrated entity, whose parts are mutually dependent. We have become more aware of the responsibilities we all must share for its orderly and equitable development. This implies obligations in particular for the developed countries in East and West, with their far greater economic potential.

In the developing world, we have witnessed changes which are important and encouraging. The struggle for political independence has largely been won. Steps have been taken towards increased self-reliance and collective strength as part of the striving towards economic independence. Some countries have successfully begun the process of industrialization and export-oriented growth. Some have been able to transform their natural assets into considerable economic and financial strength. Disparities have increased between this relative success and the continued, sometimes even aggravated, plight of the very poor.

What, then, are the insights drawn from past events which can offer guidance for the future?

Firstly, the protracted recession of the past few years has reminded us of one thing: there is no substitute for sustained economic growth as a basic engine for progress and prosperity.

Secondly, while growth is a necessary condition for development, economic progress alone cannot ensure it. Unless growth is accompanied by a reduction of existing disparities—between and within countries—it runs the risk of undoing its own positive effects by subjecting the social fabric of societies to unmanageable strains.

Thirdly, we have been made acutely aware that our earth is finite, many of its resources depletable. Environmental and ecological constraints must be respected. We need to co-operate for the protection of our common resources, for their proper use and development as well as for their more equitable distribution. Today, industrialized nations consume a disproportionate share of important raw materials.

If we look ahead, then, what will be our tasks, our challenges? The point of departure is far from good. We are living in a world where economic activity in the developed countries is too low, where in the developing countries 800 million people are suffering from absolute poverty and where hundreds of millions are unemployed or underemployed. This is an enormous challenge to the developing countries and places great demands on the developed ones if the word "solidarity" is to have any meaning at all.

The existing and increasing inequalities will not disappear unless all Governments take determined action. This Conference bears a major responsibility in carrying the required international action forward. We have before us a comprehensive programme of action agreed upon by the Group of 77 in Arusha and based on solidarity and collective self-reliance, which we welcome.

What, then, can and should realistically be achieved at this Conference?

We should resolve, here and now, to resist with common efforts protectionist tendencies and to maintain and strengthen an open trading system; to shoulder together our responsibility for an orderly and equitable process of adjustment to the evolving patterns of world trade and production; to sustain momentum in the process of establishing the Common Fund, to commit the needed resources and to fix a realistic programme for negotiations on individual commodities; to increase ODA substantially and effectively and to develop and seek new avenues for other transfers of resources; to resolve the main outstanding issue regarding the code of conduct on the transfer of technology, namely, its legal character; to take special measures in favour of the least developed countries and assist in the efforts to achieve increased collective and individual self-reliance among the developing countries.

Despite increasing economic problems, world trade has continued to expand during much of the past decade.

Growth in exports of manufactures from developing countries has been most impressive and has been maintained throughout the current economic recession. This dynamic growth in trade has so far benefited only some

of the developing countries. It has nonetheless demonstrated that it is possible to break the vicious circle of poverty and economic stagnation. For these countries it means a gradually increased participation and integration in the world trading system. Our links of mutual dependence will grow stronger, and so will our need to join forces to ensure the continued growth and orderly development of our trade.

The mounting economic problems have in recent years produced a marked increase in protectionist pressures and made measures restricting trade a tempting last resort. In all too many cases, Governments have yielded to such temptations, and this gives cause for deep concern. For small, less influential nations, a special worry is the proliferation in the last few years of selective trade-restrictive action taken outside the accepted rules of our trading system. It is essential that such action should be brought under proper multilateral review and discipline.

*The multilateral trade negotiations.* As a result of the Tokyo Round of multilateral trade negotiations recently concluded in Geneva, our trading rules will be further reinforced and modernized and barriers to trade substantially reduced. The significance for world trade of these agreements will, however, depend largely on the degree of adherence to them and on their effective implementation both nationally and internationally. It is also the hope of my Government that as many countries as possible will find it in their interest to adhere to the agreement.

The objectives we set in Tokyo for these negotiations were ambitious. They have not all been attained, but substantial benefits to trade will flow from their results and these benefits will accrue to all countries, developed and developing. The continued trade liberalization and the strengthened multilateral discipline expected should be of importance to developing countries in their future efforts to expand their export markets. Special and differential treatment for developing countries has been provided for in the agreement reached. We hope these adjustments will help pave the way for increased co-operation between developed and developing countries within GATT in the years ahead.

In order to assist the least developed countries, in particular, to take full advantage of the benefits flowing from these negotiations, the Nordic countries have jointly undertaken the financial sponsorship of trade policy courses for representatives from these developing countries.

*Trade promotion.* Trade promotion assistance for developing countries should be seen as a vital complement to other trade policy measures. Its importance as a means of expanding exports of developing countries tends to grow as trade barriers are gradually reduced. Particular efforts should be made to increase and broaden financial support for ITC.

*Structural adjustment.* The sustained and balanced growth of the world economy will not be achieved without adjustment to new economic realities, adjustment to changing patterns of comparative advantage.

The structures of our economies are undergoing constant adaptation. This must be so to ensure efficiency and an optimum international division of labour. In my country, adjustments and restructuring have been and will remain a permanent feature of our social and economic conditions.

Governments must play an important role in this process, particularly by facilitating at a socially tolerable pace the transfer of productive resources from declining sectors to sectors which are expected to be viable in the future.

In an interdependent world there is an evident need for an international dialogue on our mutual responsibilities as regards the process of adjustment. Let us begin at this Conference a substantive and open-minded exchange of views on this important subject, keeping in view the restraints which political realities impose upon us.

*Commodity trade.* The agreement on the fundamental elements of a Common Fund in March this year constitutes a breakthrough in negotiations in the commodities field and a specific advance towards the attainment of a new international economic order. The process of giving the Common Fund concrete expression must not lose momentum.

My Government is prepared to assume its share of the cost for the first window and to allocate half of its \$1 million contribution to the Fund to the second window. In addition, my Government will pledge 24 million Swedish crowns to the second window. In total, this means about \$6 million to the second window, which is substantially above our share if the United Nations scale is to be used. Should later events show that replenishment is needed, we shall be willing to consider participating. We assume in making this contribution that other countries will make contributions commensurate with their capacity.

The creation of the second window should stimulate the formulation of projects that can tackle the structural problems of commodity markets and benefit commodity producers. We hope that it will benefit producers, particularly in the poorer developing countries. The second window should therefore come into effective operation as soon as possible after the Common Fund has been finally negotiated. The remaining work on the agreement should be carried out speedily with a view to adopting the final agreement before the end of this year.

The Integrated Programme for Commodities launched at the fourth session of the Conference, in Nairobi, was an ambitious attempt to initiate a process to improve the functioning of commodity markets and strengthen the position of developing countries on those markets. This Conference should give new impetus to the Integrated Programme with a view to speeding up the process. Priorities will have to be fixed and a new schedule set. We should now be at a stage where we can move to real negotiations on several commodities, provided that we concentrate our efforts in the period ahead.

The negotiations for an agreement on natural rubber which are nearing a successful conclusion show what

can be achieved through persistent efforts within UNCTAD. When agreement has finally been reached along the lines now envisaged, my Government will propose to Parliament that Sweden should accede to the agreement.

A diversified export structure, a higher degree of commodity processing and increased participation in marketing and distribution systems are vital to the efforts of many developing countries to achieve a more stable economy and increased export earnings. We welcome the involvement of ITC in these efforts. Its role should be greatly enhanced by the creation of the second window of the Common Fund. Liberal policies for imports from developing countries, including broad application of the GSP, are essential to support these efforts.

More stable conditions in commodity markets will no doubt also improve the stability of the export earnings of primary producers as a group. This, however, does not always hold true for the individual producer. Therefore complementary measures are still needed. Sweden has long advocated steps to this end. We have put forward proposals which now form part of the background to a broad study carried out by the IBRD/IMF Development Committee. We hope that that study will soon result in concrete proposals complementing the measures now being negotiated within the Integrated Programme for Commodities. In this context, particular efforts should be made to strengthen the IMF compensatory financing facility.

*Transfer of resources.* Resource transfers, including ODA, and the problem of indebtedness should be other prime issues for our attention.

As to the volume of ODA flows, the present situation is discouraging. ODA has not kept pace with the growing needs of the poorer developing countries or with economic growth in the industrialized countries. ODA flows, measured in real terms, have stagnated, and there are few signs today of the trend changing.

This is most unsatisfactory, particularly in view of the repeated commitments by industrialized countries in the last few years to increase their ODA effectively and substantially. The internationally accepted 0.7 per cent target must remain a key objective to be attained by all industrialized countries, particularly those with strong economies.

This applies not only to the market-economy countries. The aid efforts of the centrally planned economies need to be considerably improved as well. Available statistics indicate that their ODA performance so far has been totally inadequate. Could we not ask of those who proclaim the principle "from each according to his ability, to each according to his needs" that they apply this command not only to others but also to themselves in North-South relations?

Rapid and substantial increases in ODA should go hand in hand with renewed efforts to improve the quality of aid, for example through softer terms and greater untying of bilateral assistance. Moreover, I suggest that the Conference should endorse the principle of multi-year commitments for multilateral aid programmes.

The need to explore new avenues for stimulating long-term, non-inflationary growth in the world economy is generally recognized. The issue of increased resource transfers to developing countries should be seen in this context. Such transfers could form one important part of a concerted medium-term to long-term strategy aimed at stimulating global economic activity, thereby complementing domestic stimulation programmes.

We hope that the international community will consider without prejudice the possible action in this field. The broad study which the United Nations General Assembly has requested the Secretary-General of UNCTAD to undertake should be used as a starting point. Our work on transfer of resources during this Conference could provide considerable impetus to this study.

*The debt issue.* The commitment reached last year in the Trade and Development Board regarding retroactive terms adjustment on past ODA credits to poorer developing countries represents a substantial undertaking.

My Prime Minister, Mrs. Ola Ullsten, was one of those who pressed for an early agreement on this issue. It is our hope that all industrialized countries will be able to indicate—during this session of the Conference, as stated in the Board's resolution—their full and effective implementation of the commitment regarding retroactive terms adjustment.

During the 1970s, there has been a gradual shift in capital flows to developing countries from development assistance to financing on commercial terms. Even given satisfactory overall development, serious debt servicing problems will arise in individual cases.

The Swedish delegation will actively support efforts to devise well functioning and balanced procedures and guidelines for future debt consolidation.

*Least developed countries.* With regard to GNP *per capita*, the gap has widened not only between the least developed and the industrialized countries but also between the least developed and other developing countries. This tendency must be reversed. The least developed countries will for a long time have to rely primarily on increased ODA to finance their development efforts. They have to be granted special measures with regard to trade and commodity policies. Sweden stands ready to participate actively in the discussions on a new programme of action for the 1980s for the least developed countries.

*Transfer of technology.* Inequality is in many fields a dominant feature in the relations between industrialized and developing countries. This is particularly evident in the sphere of technology. The transfer of technology is an increasingly important factor in international economic relations. For some time we have been trying within UNCTAD to reach agreement on a code of conduct on the international transfer of technology. A code of conduct must, in order to be meaningful, have very broad and active international support. We think that a dynamic approach, involving voluntary guidelines, efficient follow-up machinery and a firm undertaking to

review the whole matter, including the legal nature of the provisions, is the most constructive way of resolving a complex problem. If a compromise solution along those lines could be found during the present session of the Conference, this would represent a major breakthrough for the code negotiations.

Small and medium-sized enterprises as well as inventors in industrialized countries represent a considerable fund of technological know-how, in many cases well suited to the needs of developing countries. Unfortunately, this group of technology owners has special difficulties in participating in transfers of technology to developing countries—because of lack of information, lack of administrative capacity, etc. It is in the interests of both developing and industrialized countries to facilitate such transfers. I therefore suggest that we agree at this Conference on our joint responsibilities to promote such transfers.

*Shipping.* Turning to shipping, I may recall that Sweden voted against the Code of Conduct for Liner Conferences in 1974. While we were willing to accept that a viable share should be taken by the shipping lines of the developing countries, we saw no justification for using the Code as an instrument for restricting competition among the industrialized countries. The EEC countries are now considering a formula which would help preserve a competitive environment for conferences operating between the members of OECD. We still have objections to the various legal imperfections of the Code, but hope that these are going to be remedied.

Consequently, I am pleased to announce that Sweden is now considering ratifying the Code with basically the same reservations as those the EEC countries are contemplating.

*ECDC.* It is evident that intensified co-operation among developing countries can play an important role in furthering economic and social development. In addition, it can constitute an essential factor in promoting economic independence and self-reliance as well as reinforcing the bargaining strength of developing countries in international economic relations.

It is self-evident that the main responsibility for initiating and promoting co-operation among developing countries rests with the developing countries themselves. Multilateral institutions and individual developed countries, however, can make important contributions in this field. It is my hope that we shall find means of ensuring UNCTAD participation which do not undermine the important principle of universality.

*UNCTAD as an organization.* The North-South agenda for the 1980s requires a strong UNCTAD—an organiza-

tion that can not only formulate new principles and policies but that can also serve as a negotiating forum for specific agreements and commitments.

We believe that UNCTAD should continue to have this dual function. This seems to be the most fruitful way of utilizing its broad mandate covering international trade and related issues of international economic co-operation, while at the same time respecting the need for a rational division of labour between international organizations.

It needs courage to shape the course of events. It requires not only acceptance of change but also realism and solidarity. To use the words of Mr. Prebisch to the first session of the Conference:

"If realism means proposing what is feasible at a given moment, then perhaps not all that is suggested in these pages is realistic... But what is realistic today was not always so yesterday, and today's illusion may be tomorrow's realism... Reality is made up not just of the tangible facts which we have before us now, but also of the facts still to unfold."

At this Conference we will speak about profound changes which are needed in international economic relations. We all share the responsibility of meeting the challenges this implies. It is a challenge to all Governments to realize that the benefits of development cannot come about without important social changes. It is a challenge to the Governments of the rich countries to realize that present production patterns are not for ever, and that the third world is not a marginal entity but a partner in interdependence.

If we are ever to have a chance of resolving the immense problems facing the world there has to be a total and effective mobilization of resources. We need efficient transfer of resources in all forms to the developing countries, and we need development strategies that can mobilize the resources of the developing countries themselves. The political will and ability of the developing countries is a prerequisite for the development process.

This Conference is duty-bound to move concrete issues forward in this general perspective. Mr. President, I can pledge the full support of the Swedish Government for your efforts to make this Conference a success in terms of far-sighted thinking, solidarity and realism.

We should not, however, be led to believe that our discussions here, our resolutions, are automatically transferred into the real world. Here we can forge the instruments, set the guidelines. The real battle for development is fought, won, or lost out there, in the rice fields, in the workshops, in the schools where the future is being created every day.



**Statement made at the 150th plenary meeting, on 9 May 1979,  
by Mr. Paul R. Jolles, Secretary of State for External Economic Affairs of Switzerland**

It is a very special honour for the representative of Switzerland, the country which is the home of the European Office of the United Nations and the secretariat of our organization, UNCTAD, to be able to express his congratulations and gratitude to the Philippines, the country which is the host to the fifth session of the United Nations Conference on Trade and Development. This country offers a particularly auspicious setting for the work of the Conference—that of a nation which is demonstrating in a tangible manner the vitality and promise inherent in a development process based on integration in the world economy.

In congratulating you on your election, Mr. President, I should like, on behalf of the Swiss Government, to thank very sincerely indeed the authorities and people of the Philippines for their invitation and for the spontaneous and warm welcome we have received in Manila, a city which is already one of the most important centres of the international dialogue.

Conferences on this scale, through the persuasive power of the various arguments presented and the joint assessment of economic and social developments, offer a means of influencing our attitudes and, consequently, the nature of our policies. For someone who participated in the first session of the Conference in 1964, we have indeed come a long way. Ideas which, at that time, were regarded as utopian are now generally accepted. Although tangible progress has been made along the path which we marked out for ourselves towards the integration of the developing countries into the world economy and the acceleration of their growth rates, stresses and strains have appeared here and there, precisely because of the rapidity of the changes brought about, and have called in question the wisdom of a development model which gives pride of place to economic factors. Yet in my view it would seem to be foolhardy to alter our course at the very time when positive results are being achieved.

Our work here in Manila will be influenced by three practical factors.

The first concerns the basic imbalances that still affect the world economy. These imbalances are essentially of a structural nature. They act as a brake on the resumption of growth and investment and complicate our common task, namely, the development of the countries of the third world.

The second factor, which concerns the poverty of large segments of the world's population who eke out a living in intolerable conditions, calls for a sustained effort by Governments and the international community. What is at stake here is the future of almost 1 billion human beings who live in a state of absolute poverty.

The last factor is that of interdependence: the interdependence of problems and the interdependence of countries. This has nothing to do with a new strategy or a new concept, but is simply a fact of life. In a world where the economic policy of any given country inevitably has implications for others there is no alter-

native to co-operation. It is in this light that we interpret the Arusha Programme for Collective Self-Reliance and that we support the desire for increased co-operation between developing countries. This Programme reveals the extent of the efforts being made by the developing countries themselves. Yet its full potential can be realized only if it is incorporated in the framework of greater co-operation on a global scale.

In the circumstances, is UNCTAD capable of fulfilling its function? This question calls for three observations.

The first concerns the difficulty of tackling problems in terms of their global dimension and at the same time seeking sufficiently differentiated solutions to meet the concerns of each of the countries represented here. What is required at the global level is the identification of interdependencies and the establishment in the light of such interdependencies of general objectives for negotiations. At the practical level, steps must be taken to negotiate, in relation to these objectives, specific machinery for co-operation aimed at satisfying various categories of needs. The differentiation necessary at this stage is justified because it is part of the general effort and contributes to general progress. One of the best guarantees of general progress—and I would emphasize this here—is the unity of the Group of 77, which is regarded as the most noteworthy result of the first session of the Conference.

My second observation is that, at a time when doubts are emerging about the true value of the North-South dialogue, it is encouraging to note that in several areas we have proceeded from the stage of theoretical discussion to that of negotiation, under the auspices of UNCTAD, of specific machinery for co-operation. I refer—to take recent examples—to the commodity agreements, the Common Fund and the code of conduct on the transfer of technology.

I would add—and this is my third observation—that our activities at the macroeconomic level cannot in themselves and immediately help to satisfy the specific needs of the peoples of the third world. For this reason it is vital that, in addition to measures aimed at the restructuring of international economic relations, we should attach particular importance to assistance which is of direct benefit to the most disadvantaged segments of the population of the third world.

I should now like to deal with the substance of the items on our agenda.

The question which dominates all our work is that of the adaptation of structures. The restructuring of international economic relations to bring about a more balanced and more effective system—and this is the very essence of the new international economic order—inevitably implies the dynamic adjustment of economic structures. In this respect I feel it is important to point out that market forces are constantly bringing about—not without difficulty, it is true—far-reaching structural adjustments. One of the most effective

vehicles of such changes wrought by market forces has proved to be the increasingly active participation in international trade of developing countries which have become competitive. However gratifying that may be, it is nevertheless a fact that resistance due not only to fear of change but also to the present unfavourable economic situation hampers and in some cases even frustrates adaptations of the economic system. If, therefore, we wish to encourage the continuation of this process, which is indispensable to the resumed expansion of the world economy, we should refrain from the application of protectionist measures of any kind. We would therefore be prepared to associate ourselves with a joint declaration by this Conference aimed at combating protectionism. Experience shows that, although it might be possible to delay the adjustment of structures, the course of events will eventually bring such adjustment about. That delay may, however, prove to be costly for the North as well as for the South.

Although we are prepared to pursue an open market policy—Switzerland itself imposes no quantitative restrictions on imports of manufactures—we nevertheless feel that a collective effort is necessary. We expect each country, depending on its possibilities and whether developed or developing, to accept and facilitate the gradual and increasingly generalized application of the rules and principles governing international co-operation in economic and trade matters.

Against this background, Switzerland's position on some of the topics before our Conference is as follows:

(a) On the question of international trade, we consider that the GATT multilateral trade negotiations demonstrate—over and above the results achieved or those which should be aimed at in the future—the will of the international community to maintain and improve an open trade system. The Tokyo Round is simply yet another stage—admittedly of major importance—in the continuing improvement of this system. For this reason, any assessment of the results of these negotiations—and the final assessment will be possible only after parliamentary approval has taken place—should be conceived as a means of determining what remains to be done and not with a view to minimizing the value of what has been achieved. Whereas the function of UNCTAD is to stimulate this resumed dialogue, that of GATT is to provide it, as in the past, with a legal framework.

(b) With regard to commodities, noteworthy progress has been made in the negotiation of instruments for the stabilization of markets, and Switzerland recognizes that such stabilization is justified. Economically viable results cannot be achieved in this field any more than in others by interventionism which would have the effect of paralysing the operation of the market; however we consider that the machinery envisaged will be able to introduce an element of equity, discipline and security which is at present lacking.

The results of the negotiations on the Common Fund were not easily achieved. We regard the Geneva agreement as a most encouraging and promising sign for the North-South negotiations as a whole. Switzerland intends to subscribe to the Common Fund, and I am able to announce here that it will make a suitable and substantial voluntary contribution to the second win-

dow. Like certain other delegations which have taken the floor before me, my own delegation will be in a position to indicate, if necessary, the amount that has already been authorized by our Parliament for this purpose and that will be made available as soon as the agreement on the Common Fund is approved. We recognize that the second window will be able to play a useful role in the case of commodities that do not lend themselves to storage and some of which are of particular importance for the poorest countries (such as jute, bananas, hard fibres and oilseed). My Government is also studying the possibility of acceding to the commodity agreements to which Switzerland has not yet subscribed, and hopes that the number of such agreements can be increased.

(c) The transfer of resources to the developing countries is a vital element in bringing about the gradual readjustment of international economic structures and helping to satisfy more adequately the needs of the poor of the third world. Given the present sluggish expansion of the industrialized economies, and the under-utilization of their production capacities and of money market liquidity, greater transfers of resources to the developing countries could also help to trigger the renewed expansion of the world economy as a whole. Like others, we believe that the financial resources available to the developing countries (export earnings, private investment, loans on capital markets, borrowings from international financial and monetary institutions and ODA) should be viewed as a whole. Steps must be taken to ensure not only an increase in the total amount of resources transferred but also to adapt the conditions of transfer to the specific requirements of each developing country.

The Swiss authorities are convinced, not only for economic but also and above all for social and humanitarian reasons, of the need to increase the flow of official assistance, particularly to the disadvantaged developing countries. They have accordingly converted into grants all the official development credits extended to the low-income developing countries and are making a sustained effort to increase the volume of Swiss official aid by a substantial amount.

For the most advanced developing countries, the importance of private investment will increase, since it will offer a means not only of supplementing available financial resources but also—and possibly above all—of providing funds that are essential for the creation of jobs and the acquisition of scientific and technical know-how. In terms of percentages of GNP, Switzerland is the industrial world's leading exporter of private capital to the third world. If the expansion of private capital flows to the developing countries is to continue, conditions favourable to such expanded flows must be provided.

(d) Lastly, I should like to say a few words about Switzerland's position on the question of technology. Our enterprises, which export investments, are also major exporters of technology. Switzerland, which lacks natural resources, is very much aware of the key role played by technology in economic development and in the adjustment of structures. That is why we shall continue to participate actively in negotiations aimed at the elaboration of a code of conduct on the transfer of technology.

This said, the crux of the matter is to strengthen the technological capacity of the developing countries themselves. We are prepared to support efforts in respect of training and research which, more than any formal provisions on the subject, will make it possible to achieve tangible results.

In conclusion, I should like to express the hope that this Conference will concentrate mainly on the important problems of substance that we have to tackle, and that it will not yield to the temptation of seeking refuge in institutional devices. The creation of new bodies has a

meaning only when they are patently designed to initiate, give impetus to or remove obstacles in negotiations of substance. This is because—and I am speaking here as representative of a Government with limited manpower resources at its disposal—the proliferation of bodies and meetings leads to the division of creative energy and its practical objectives; the dialogue, instead of going to the heart of the matter, is rendered superficial and, in the long run, may even become paralysed. Let us therefore strengthen the institutional machinery at our disposal and make it more effective, for in this way we shall be serving the cause of true co-operation.

**Statement made at the 149th plenary meeting, on 9 May 1979,  
by Mr. Mustapha El Bittar, Director of International Relations and International Organizations,  
Ministry of the Economy and Foreign Trade of the Syrian Arab Republic**

Mr. President, first of all I would like to offer my congratulations, and those of the delegation of the Syrian Arab Republic, on your election to the presidency of this important gathering. I wish to express my gratitude and appreciation to the President, the people and the Government of the Philippines for hosting this fifth session of the United Nations Conference on Trade and Development and for providing the means and facilities to ensure the success of the work of the participants.

One of the documents now before the Conference is the Arusha document on collective self-reliance, which contains important recommendations and proposals that take into account present international economic and social conditions as well as the hopes and aspirations of the world community with regard to the establishment of a more equitable and more rational new international economic order aimed at providing mankind with peace and dignity in a world free from colonialism, neo-colonialism, racism, racial discrimination, Zionism and occupation of the territories of others.

The crisis in the international monetary and economic systems, particularly since the early 1970s, has caused suffering and disruption which has affected the whole international community in varying degrees. Its adverse effects have inflicted severe damage on the economies of the developing countries, where economic and social development has been hampered, in spite of the fact that those countries played no part in the creation of those two systems and were not responsible for their abysmal failure. The fact is that this crisis is a consequence of the colonialist and exploitative system which, until recently, dominated the world economy. Although the old colonialist system has, historically, come to an end, its negative economic and social consequences are still with us to no small degree, disturbing the international climate, posing a threat to peace and impeding the efforts of the developing countries for the achievement of economic and social development.

The new international economic order to which we aspire should be more equitable and better equipped to achieve progress for the whole international community

and to preserve world peace. This can be achieved only through significant changes in the economic policies and strategies that are currently being pursued by the members of the international community. We hope that this Conference will be a positive step towards that goal.

The results so far achieved in the establishment of the new international economic order have been minimal, owing to the lack of an adequate response by the developed market-economy countries to the just demands of the developing countries, in spite of all the conferences held within and outside the framework of the United Nations General Assembly and its subsidiary bodies. My delegation therefore demands that emphasis be placed on the role of UNCTAD, on the importance of the tasks entrusted to it and on the need to enable it to function effectively by providing it with the organizational machinery and the appropriate practical arrangements that would help it to play its role in an effective and satisfactory manner, in order to achieve the goals that we all cherish.

We note with regret that, at many conferences, the developed market-economy countries have shown themselves more concerned with their own interests and their mutual economic relations than with the interests of the international community as a whole, an attitude which, we believe, will in the long run have adverse repercussions on them as well.

It has become imperative for all of us to be firmly committed to the introduction of long-term structural changes in the world economy, and to the further elaboration of rules and principles governing international trade and economic relations, with a view to reaching, by the year 2000, the target of 25 per cent for the share of the developing countries in world production, and a target of 30 per cent for their share in world trade in manufactures. Protectionist measures applied by developed market-economy countries against the exports of developing countries should be reviewed, and policies must be formulated and action taken to restructure world industrial production, not only through trade facilities but also, and primarily, by improved distribution of investment capacities and the promotion of industrialization in the developing countries.

The terms of trade are by no means fair to developing countries which, as a result, suffer increasing losses with the growth of inflation and recession. This is sharply reflected in the purchasing power of the export earnings of the developing countries.

In the light of the above, the slogan "trade before aid" raised by the Conference of Non-aligned States held in Cairo in 1962 remains valid. The injustice inflicted on the developing countries as a result of disruptions in the prices of their commodity exports, as compared with those of exports from the industrialized developed countries, must be redressed. It is also necessary to achieve, by various suitable means, dynamic stability in commodity prices, ensuring that they keep pace with changes in the prices of manufactures, and expediting the implementation of the Integrated Programme for Commodities. We stress, therefore, the decisions adopted by the Arusha Conference, especially those concerning the establishment of a Common Fund under the Integrated Programme for Commodities, and we express our satisfaction that some progress was made at the recently concluded session of the Negotiating Conference on the Establishment of a Common Fund, while believing that negotiations on individual commodities are still far from being satisfactory.

We hope that the developing countries will be able to develop the processing of their commodities for export, and that a framework for international co-operation will be set up for the marketing and distribution of those commodities with a view to increasing the export earnings of developing countries. We also hope that the developing countries will be able to modernize their agriculture and expand their food industries in order to ensure sufficiency for their peoples and increase their food exports, especially since exports of grains and some other major food products are used by some countries for purposes of bargaining and applying economic and political pressures.

With regard to the development and expansion of the industrial bases of developing countries and the promotion and expansion of their exports of manufactures and semi-manufactures, my delegation believes that the Arusha recommendations constitute a sound basis for achieving the aforementioned objectives.

We stress the need to assign to UNCTAD the role of supervising the establishment and the work of a committee of experts from developing countries to prepare and draft a model code on restrictive trade practices, including those of transnational corporations, with a view to limiting those practices that have adverse effects on the economic development of developing countries. We also stress the request of developing countries for an extension of the GSP beyond 1981, when it was originally scheduled to expire, and for the facilitation and improvement of its application on a non-discriminatory and non-reciprocal basis. We also emphasize the need to adopt at this session a decision to initiate negotiations on appropriate criteria for the regulation and control of the activities of transnational corporations in order to make their operation consistent and compatible with the specific interests of recipient countries.

Furthermore, the negotiation of an international code of conduct on the transfer of technology is a subject of prime concern to developing countries wishing to eliminate restrictive and unjust practices that affect their technology import transactions. We should not, however, overlook the need to modify and adapt this technology in keeping with the economic and social conditions of each country with a view to the promotion and creation of appropriate national technologies. Preferential treatment and unjust shipping tariffs also require review in order to establish criteria for these tariffs and to ensure that developing countries do not have to pay inequitable rates for the transport of their exports and imports.

Increased participation by developing countries in shipping and the development of their commercial fleets remains an urgent and crucial matter.

Given the huge external indebtedness of developing countries and the increased burden of repayments and interest payments, which now exceed the capacity of most of them to pay and which absorb a significant portion of their foreign exchange resources and the assistance they receive, it is necessary to reorganize international financial relationships in order to increase and improve the terms of the flow of resources to developing countries. This necessarily entails the need to restructure the international monetary system in order to strengthen national currencies and stabilize their exchange rates. High priority must be given to assisting least developed, land-locked and island countries, and emphasis must be placed on special measures and specific action in connection with their particular needs and problems.

It would also be useful to give attention to the development of economic and technical relations between developing and socialist countries, and to the co-ordination of their joint efforts to establish a new international economic order. The two groups could thus expand their trade exchanges and adopt measures to facilitate and improve payment arrangements between them.

It is necessary to reassert the need for an intensification and expansion of economic and technical co-operation among developing countries, and to view this co-operation as an integral part of a global economic order and an essential element in a comprehensive development strategy that includes the restructuring of international economic relations on the basis of decisions adopted by conferences of non-aligned countries and United Nations resolutions concerning sovereignty of States over their economic resources, without domination or exploitation by any foreign force, and without influence, speculation and pressures on the part of transnational corporations.

We in the Syrian Arab Republic firmly believe that an increase in the role and effectiveness of developing countries in the international community, and in their efforts to improve the world economic order, primarily requires unity and solidarity among these countries, which must agree on a joint programme in which their interests are set out in a clear and concrete manner.

We also believe that collective measures at the international level do not exclude, but rather affirm, the

need for each developing nation or for each group of developing countries to adopt economic policies aimed at improving their respective positions in the world economy. We in the Syrian Arab Republic are participating with many sister Arab countries in various economic agreements, which facilitate the exchange of goods and services and the movement of capital and manpower, with a view to strengthening our national unity to the benefit of all parties and without prejudice to their contribution to any other international efforts.

We have established good economic relationships with all the international groupings on the basis of mutual benefit and in accordance with our desire to implement our development plans and to resolve the social problems facing our vast masses.

You are certainly aware that the Arab world has been suffering for years from the consequences of the Israeli occupation of large areas of territory belonging to Arab States, including my country, and all the Palestinian land. We are also suffering from the direct and constant threat of military aggression, which is seriously endangering peace in the Middle East. It is also causing us tremendous losses in financial and human resources, which can only have adverse effects on all our development efforts. Recently the Sadat regime in Egypt broke away from Arab unanimity and entered into an alliance of aggression with Israel and imperialism which increased the dangers besetting the liberation movement in the Arab world and the countries of the third world.

Allow me to take this opportunity to draw your attention to the fact the treaty which Sadat recently

signed with the Israeli aggressor, under the auspices and with the support of the United States of America, has met with total collective condemnation from all the Arab peoples and Governments. This condemnation was most clearly manifested at the Arab Summit Conference and at the Conference of Arab Ministers of Foreign Affairs and of the Economy recently convened at Baghdad. Yesterday, at the Conference of Ministers of Foreign Affairs held in Morocco, the Islamic States condemned that treasonous treaty, together with the parties thereto, and decided that the membership in the Organization of the Islamic Conference enjoyed by the regime ruling in Arab Egypt should be suspended. All the Arabs and all their friends throughout the world have condemned this treaty because it is not based on justice, does not comply with the resolutions of the United Nations and other subsidiary international organizations, and neither brings the Middle East region any nearer to peace nor helps to resolve the problem of Israeli aggression against the Arabs, and also because it denies the Palestinian Arab people their national rights which have been recognized by the United Nations itself.

Our people see this treaty as an imperialist attempt to legitimize the Israeli occupation of Arab territories and to reinstate the policy of alliances and imperialist influence in the Arab region. Our people, therefore, oppose it with all their power in the hope that their struggle will receive support and backing from all the States and peoples that cherish justice, peace and progress.

Finally, allow me to wish this Conference success.

**Statement made at the 155th plenary meeting, on 11 May 1979,  
by Mr. Sunthorn Hongladarom, Deputy Prime Minister of Thailand**

The delegation of Thailand joins with other delegates who have spoken before me in expressing to you, Mr. President, heartiest congratulations on your unanimous election to the presidency of this important Conference. The high expectations we have of the positive results of the fifth session of the United Nations Conference on Trade and Development will not escape us because the Conference is in the very able and efficient hands of a time-honoured international statesman. My congratulations also go to the other members of the Bureau, including Mr. D. Laloux, the Rapporteur. I would like to thank all the delegations for the honour bestowed on my country by electing me as Vice-President of the Conference.

My delegation sincerely thanks the Government and the people of the Philippines, in particular President and Mrs. Marcos, for the excellent arrangements made for this important Conference. My delegation also benefits greatly from the perceptive addresses of President and Mrs. Marcos, which have set the appropriate conceptual framework for the Conference and highlighted the urgency and the imperative need for the Conference to reach concrete decisions on matters before us which have a direct impact on the well-being of peoples all over the world. Indeed, in the words of

President Marcos, this Conference is about people, regardless of their race, sex, religion or the economic and social system under which they live. We must hasten to confront the problems instead of confronting each other, at the First Lady of the Philippines has wisely counselled us.

Mr. Kurt Waldheim, Secretary-General of the United Nations, too, has given us a thought-provoking address which clearly outlined the stage of the so-called North-South dialogue and the vital role of the United Nations system in the process of restructuring a more equitable world for all mankind. His inspiring remarks also set the tone for this fifth session of the Conference.

I should like to take this opportunity also to express the appreciation of the delegation of Thailand to the Secretary-General of UNCTAD, Mr. Gamani Corea, for the highly elucidating, comprehensive and inspiring remarks he presented to this Conference earlier in the session. Thanks to him, the otherwise complicated items on the agenda of this Conference have been placed in their proper perspective, thus facilitating a great deal the way in which national delegations like my own should approach this Conference with a view to contributing to the substantial and concrete achievement of its great objective.

The fifth session of the Conference is now being convened three years after the preceding session, in Nairobi, where many important programmes of negotiation were launched. One of the tasks of this session, therefore, is to review the progress made since Nairobi and provide new directions, as necessary, in order to facilitate and expedite further work.

Another important, indeed crucial, task of this Conference is to assess the present international economic environment with a view to devising both immediate and long-term changes as might be required. This task is related to the third dimension of this session which, being held shortly before the advent of the new decade, will have to project itself into the future and seek, on the one hand, to provide new orientations and guidelines conducive to the formulation of a new development strategy for the 1980s and, on the other hand, to initiate activities designed to usher in new avenues for international economic co-operation.

This fifth session of the Conference is taking place against the background of certain developments relating to several major ongoing negotiations which were launched at the fourth session. The delegation of Thailand is pleased to note that agreement was reached in March this year on the fundamental elements of the Common Fund under the Integrated Programme for Commodities. Much as I would have liked to see a larger capital magnitude for the Fund, I would nevertheless call the agreement an important step forward in the total context of ongoing international economic negotiations. Thailand, for its part, agrees with the fundamental elements which form parts of the package of agreement and intends to participate actively in the Interim Committee of the United Nations Negotiating Conference on the Common Fund which is due to meet in September. My delegation earnestly urges all Governments to exert every effort to ensure that the Committee proceeds with its work expeditiously and completes its drafting of the articles of agreement on the Common Fund before the end of 1979. My delegation sincerely hopes that Governments, especially those of the better endowed countries, will come forth with firm support which will make certain that the second window is provided with substantial financial resources. Thailand will not be found wanting in playing its part to help make the operation of the facility in support of other measures—the second window—truly effective.

My country, along with its ASEAN partners, has been not only a strong supporter of a truly effective, viable and meaningful Common Fund but also an ardent advocate of it. I should like to state that, if only the countries belonging to Group B and Group D matched the active and constructive role we have played through the long and difficult negotiating process, especially the willingness on our part to commit ourselves in support of a strong Common Fund and all its essential components, we would very soon indeed be able to launch the Fund into its fully operational stage, thus introducing a new yet effective mechanism designed to restructure the trade in commodities of vital interest to developed and developing countries alike.

In addition to the Common Fund, another welcome development in the ongoing negotiations within the

framework of Conference resolution 93 (IV) concerns natural rubber. As one of the producers of this important commodity, my country hopes that all concerned, producers and consumers, will do their utmost to work out a complete text of the international agreement on natural rubber under the Integrated Programme as soon as possible.

Even with the two negotiations having made progress, including the relative success in the negotiations and renegotiations on such commodities as olive oil and sugar, the balance-sheet for the Integrated Programme for Commodities as a whole still leaves very much to be desired. My delegation wishes to call upon all those who have not so far shown the necessary political will to contribute to the successful completion of the Integrated Programme in all its aspects—I repeat, in all its aspects—to join with others in constructively moving expeditiously from the protracted preparatory stage to the phase of active negotiations as regards individual commodities, including tungsten, on which no progress has been made for more than 10 years, and in formulating action-oriented programmes which would make possible the early implementation of other important aspects of the Programme, including in particular its developmental aspect.

Other pending issues need further urgent attention. The conclusion of a code of conduct on the transfer of technology is long overdue. My delegation submits that outstanding issues, including the legal character of the code, should be resolved during the course of this Conference.

In regard to shipping, my delegation wishes to report that steps are being taken for Thailand to accede to the Convention on a Code of Conduct for Liner Conferences. It must be noted, however, that, even with the participation of Thailand and other developing countries, the Convention will still not come into force because of the non-fulfilment of the 25 per cent tonnage requirement. It is the hope of my delegation that developed countries, which control nearly all the world's shipping tonnage, will soon ratify the Code and thus bring it into force. I trust that the news that a certain group of developed countries may soon do so is accurate. Should that be the case, it would indeed be welcome news for all of us, reflecting as it would a positive move within the context of the new international economic relationship.

An important agenda item before us concerns a negative development in international trade, namely, the rising tide of protectionism and its ramifications under a variety of guises and euphemisms. It distorts the pattern of investment and postpones the otherwise urgent demands of the economy in highly industrialized countries to do away with labour-intensive and inefficient industries. It should be realized that, by denying sufficient access to the semi-processed and processed products of developing countries, their export earnings are severely curtailed, thus reducing their debt servicing ability and aggravating debt problems still further. Is it not ironic that a significant amount of debt is incurred through the purchase of machinery from developed countries to build up these labour-intensive industries and the infrastructure to support them?



Protectionism, therefore, is a scourge which seriously threatens the development of the developing countries. To improve their lot, the conditions governing the relationship between the developed and developing countries must be changed in such a way that fair and equitable returns to producers are recognized as legitimate. Barriers to trade in semi-manufactured and manufactured goods from developing countries must be removed and urgent and positive adjustments must be implemented very soon to ease out inefficient industries from the developed economies, to uphold the validity of the oft-repeated principle of interdependence and to strengthen the rational rule of comparative advantage as well as the international division of labour.

As part of the efforts to bring about a free and open trading system in the world, developing countries have joined with others in the five-year exercise of the Tokyo Round of multilateral trade negotiations. I must say that, in spite of the long years of negotiations, the results achieved in the light of the aims, objectives and commitments in favour of developing countries, as enshrined in the Tokyo Declaration of 1973, have been disappointingly small. In my delegation's view—which I believe is shared by other developing countries participants in the Tokyo Round—it is important that countries participating in negotiations should earnestly continue them in the relevant international forums until the objectives and commitments contained in the Tokyo Declaration, particularly those dealing with the problems of developing countries, are fully realized.

I stated earlier that protectionism had now ramified into a variety of guises and euphemisms. Protectionist devices are now also spreading to the services sector, particularly transport, banking and insurance. My delegation joins with other countries of the Group of 77 in expressing special concern about new proposals on civil aviation, such as the introduction of a new regime of air traffic on an end-to-end basis between developed countries, with insistence on excluding stopovers in intermediate developing countries. This scheme provides for a system of duopoly, whereby special fares become an exclusive arrangement between two developed countries, thus effectively curtailing the growth of the airlines of developing countries and hindering their efforts to develop tourism. It is submitted, therefore, that this Conference should also take up this new but important aspect of protectionism in order to pre-empt the discriminatory effects that may widen much further.

Since the breakdown of the system launched immediately after the Second World War, it has become clear that there is a whole gamut of problems, including the instability of the exchange rates of the major industrialized countries, which have been producing unsettling effects on the economies of the rest of the world, in particular those of the developing countries. It is my belief that the developing countries should continue to pursue their efforts in the international financial institutions to achieve a greater say through a more equitable share in the decision-making process. The need for a reform of the monetary system is long overdue. The reform must be put in motion in the immediate future, not only to bring order to the chaotic situation in the currency market at present but also to lessen the

burden, financial or other, of the developing countries in the painful adjustment of their balance-of-payments deficits, which are in most cases the result not of their own mismanagement but of the chronic imbalances in the world economy. A new framework must also be found to provide for efficient co-operation by all countries in the field of finance. The monetary and financial problems plaguing the world are not isolated issues, but are interrelated with other crucial aspects of the international economy which have a direct bearing not only on the development effort of the developing countries but also on the success or failure of the establishment of the new international economic order through momentous and fundamental changes in the structure of the global economic relationship.

The examination of the international economic situation has shown clearly that the existing economic order does not function efficiently, that the prevailing crisis is structural rather than cyclical in nature and that a wider strategy of structural changes could benefit all countries, developed and developing alike. These conclusions were reflected in resolution 33/154, adopted by the General Assembly at its last session. The resolution calls upon the Conference, among other things, to evaluate world trade and the economic situation and to consider "issues, policies and appropriate measures to facilitate structural changes in the international economy". The wording of this part of the General Assembly resolution is the same as that in item 8 of the agenda of this Conference.

The Group of 77, to which Thailand has belonged from its inception in 1964, has given considerable attention to this issue, as may be noted from the Arusha Programme for Collective Self-Reliance and Framework for Negotiations, which was formally presented to the Conference on Tuesday. The theme of a deep-seated structural malfunctioning of the international economic system and of the concomitant need for fundamental changes runs through the entire Arusha document. This is a correct and appropriate approach. In the view of my delegation, even as we attempt to come to grips with immediate short-term problems, we should make a firm commitment to work towards long-term structural changes in the world economy and its management. We should by all means ensure that whatever short-term policies may be agreed upon are consistent with, if not supportive of, the long-term restructuring of the international economy, designed not only to remove the inefficiencies and inequities which in the final analysis can only harm or retard the healthy and balanced growth of the world economy, but also to mobilize the full and as yet largely untapped potential of the developing countries for the process of economic recovery and sustained economic growth on the global level.

Substantial and fundamental changes in the structure of the world economy are indeed the conceptual framework and the basic rationale behind the call some years ago for a comprehensive and co-ordinated endeavour on the part of the international community towards the creation of a new international economic order. My country is firmly committed to that constructive endeavour and is earnestly looking forward to the early realization of its programme of action. This is a

most crucial task to which this session of the Conference must address itself.

The achievement of the objectives of restructuring the world economy requires appropriate adjustment of existing mechanisms as well as the creation of a new institutional framework for consultations and negotiations. Meetings between restricted groups of developed countries have not produced any visible improvement in the global economic situation. There is no doubt a great and urgent need to establish means by which consultations and negotiations are held which will involve participation by all groups of countries. The objective of these consultative and negotiating processes would be to work out a concerted approach to the management of the world economy, taking into account the interrelationship of problems in the areas of trade, investment, technology, money and finance in the long term as well as in the short run.

In this particular connection, it should be emphasized that the machinery for negotiations within the United Nations system should be adequately strengthened in order to ensure that the international negotiating process functions effectively and facilitates the implementa-

tion of the structural reform of the international economic order. UNCTAD, which in the past few years has turned into a full-fledged negotiating body covering virtually all issues relevant in the context of the current international economic negotiations, should be strengthened in recognition of the evolving role of this principal instrument of the General Assembly. For it to perform its role effectively, UNCTAD should be recognized for what it really is and provided with more flexible institutional arrangements and the resources commensurate with its actual and very compelling needs.

The threefold tasks of this Conference I mentioned earlier in my statement are momentous, demanding, and need urgent attention.

We must therefore join our hearts and minds together as peoples of one world, now assembled at this important Conference, to make it an important landmark as we prepare ourselves to enter the new decade of the 1980s. I believe that, given the necessary political will on all sides, we shall succeed. We cannot afford to procrastinate. If we do, we shall all be losers and come to regret that we have done too little, too late.

**Statement made at the 164th plenary meeting, on 17 May 1979,  
by Mr. Kossi Adorgloh, Minister of Trade and Transport of Togo**

First, Mr. President, I should like to congratulate you sincerely on your unanimous election to the presidency of this Conference. Your energy and the many national and international activities you have successfully undertaken are well known to us all, and we are convinced that under your expert guidance the work of the fifth session of the United Nations Conference on Trade and Development will be crowned with success and thus live up to the hopes placed in it by the developing world.

I should also like to thank the Secretary-General of UNCTAD, Mr. Gamani Corea, and the entire secretariat, for the efforts, ideas and perseverance they have displayed since the preparatory meetings. These have enabled the Conference to take place under good conditions.

The agenda of our conference broadly covers the current concerns of the Togolese Government, which are the same as those of all developing countries. Those concerns and the action that the international community must take to meet them are set forth in the Arusha Programme, which is now well known to all participants in this Conference. I should nevertheless like to take this opportunity of clarifying certain essential issues as seen by my delegation. These are of course not only commodities but also protectionism, restrictive trade practices, the reform of the international monetary system and the indebtedness of the developing countries. I shall also refer to transfer of technology, shipping and economic co-operation among developing countries.

One of the most important decisions taken at the fourth session of the Conference, in Nairobi, if not the

most important, was certainly resolution 93 (IV), concerning the Integrated Programme for Commodities. When it was adopted it seemed to raise no problems. It provided for specific objectives, the steps to be taken to achieve them, and a timetable for the implementation of the Programme.

The hopes placed in that resolution have been disappointed. The allotted time-limits have been extended more than once but no concrete results have been achieved. In fact, of the 18 commodity agreements that were to have been negotiated, only one has seen the light of day.

The negotiations on the Common Fund, a key instrument in the Integrated Programme for Commodities, were long at a standstill, but progress has recently been made at Geneva. At this very session, some delegations have surprised us by announcing substantial contributions to the first or second windows or both.

My delegation is no more pessimistic than any other, but Togo is known for its realism. We should really like to applaud these welcome declarations of intent and express our satisfaction at the recent progress, but we shall await the outcome of the negotiations here and in Geneva before doing so. Our applause will then be worth that much more.

Our discussions should be aimed exclusively at finding areas of agreement, solutions that are acceptable to all, effective remedies for the evils from which international economic relations are currently suffering. These are protectionism, trade restrictions on exports, deterioration in the international monetary system and the indebtedness of developing countries. It is par-

ticularly important that we should achieve our objectives by the end of this session, because any failure will simply take us further away from the establishment of the new international economic order which all our States have been urging since the sixth special session of the United Nations General Assembly in 1974.

Not very long ago, the developing countries were taken to task for practising monoculture, not diversifying their economies and trading partners and not industrializing. I have the impression that we are now being taken to task for exactly the opposite reasons. We have worked hard to diversify both our exports and our partners. With or without the assistance of specialized agencies of the United Nations system and bodies outside it, industries have sprung up in our countries and some of them have become competitive on the international market. As a result, countries which have so far monopolized the production and marketing of the items in question have established a veritable arsenal of protectionist measures to prevent the marketing of our products, thus nipping our efforts in the bud. We do not want simply to be exporters of raw materials. We do not want to beg for charity for ever. We want to produce and sell our goods on an international market which is free of protectionism, at stable prices that consistently match the cost of our imports. None of this is possible without a genuine reform of the international monetary system that aims at making the exchange rates of the major trading currencies more stable (with SDRs ultimately becoming the main international reserve currency), ensuring effective participation by developing countries in decision-making, and distributing international liquidity equitably so as to guarantee a substantial transfer of resources for the benefit of the developing countries. In this respect the rich countries should do their utmost to meet the United Nations target of 1 per cent of GNP for development assistance to the developing countries.

In recent years the indebtedness of the developing countries has increased disturbingly. The debt burden has reached too high a level and urgent measures must be taken. It should be noted in this context that the hesitant implementation by certain developed countries of resolutions 94 (IV) of the Conference and 165 (S-IX) of the Trade and Development Board is not sufficient. Those countries should do more, first by extending the measures they have taken to all the countries referred to in those resolutions, and secondly by rescheduling the debts of developing countries jointly with the other developed countries. This rescheduling should include a reduction in interest rates on loans and a longer repayment period. The developing countries themselves are fully aware that they must rapidly take appropriate steps to promote domestic savings in order to reduce their external indebtedness, but those steps will not be sufficient on their own.

My delegation will give special attention to the question of transfer of technology. The importance of

technology for the industrialization and development of our countries is obvious, but we do not need just any kind of technology; moreover, the transfer concept must include transfer of technology among developing countries themselves. In this respect my delegation hopes that the recent efforts at the international level to promote TCDC will continue. With regard to the negotiations on an international code on the transfer of technology, my delegation sincerely hopes that a binding and universally applicable code will be adopted.

Shipping is equally a concern of ours. The present situation in this respect is unacceptable for our countries, which seek the establishment of a new and equitable international maritime order that will ensure substantial participation by the developing countries in the transport of goods by sea. It ought to be possible for the Code of Conduct for Liner Conferences, a key element in the new international maritime order, to enter into force soon. To this end my delegation appeals to all countries that have not yet done so, whether industrialized or developing nations, to ratify the Code or accede to it by the end of this year.

The last point I wish to make concerns ECDC. The fact that I have left this subject until last does not mean that my delegation underestimates its importance. Because of its geographical situation, my country was quick to understand the advantages of such co-operation. In the subregion of West Africa, for example, it and others were responsible for the establishment of economic integration organizations of various kinds, such as the Council of the Entente States, West African Cement, the Benin Electricity Community and the West African Economic Community. The last-named organization originated in the West African subregion and constitutes a veritable challenge to language and monetary barriers. We cannot but welcome the fact that, at the international level, ECDC has been given priority. We know that it is a very difficult undertaking to which all United Nations bodies and specialized agencies should contribute. It should be organized at the subregional, regional, interregional and world levels and will promote better economic relations among developing and developed countries, as has already been the case with the Lomé Convention between the ACP States and EEC.

In conclusion, on behalf of General Gnassingbe Eyadema, the founder and president of the *Rassemblement du peuple togolais* and President of the Republic, and on behalf of the Government and people of Togo and myself, I should like to express my most sincere thanks to Mr. Ferdinand Marcos, President of the Republic of the Philippines, Mrs. Imelda Romualdez Marcos, First Lady of the Philippines, Minister of Human Settlements and Governor of Metro Manila, and the Philippine people, for the very warm and friendly welcome we have enjoyed since we arrived on Philippine soil.

**Statement made at the 160th plenary meeting, on 15 May 1979,  
by Mr. S. Raghavan, Secretary for Labour, Commerce and Industries of Tonga**

It is indeed a privilege for me and for my country's delegation to participate in this Conference. We have just been admitted as the 159th member of UNCTAD. We are most grateful to you, Mr. President, for your kind words of welcome. We are proud to be a member of this important international forum. It reflects the measure of faith and importance we in Tonga attach to the efficacy of UNCTAD as an effective instrument to promote a better and a more equitable world economic order.

Tonga is a small island country with no pretensions to economic greatness. Its economy has been a subsistence one, primarily based on agriculture. The rate of unemployment is high (about 13 per cent); under-employment is staggeringly high. Not that our people do not want to work: they lack the opportunities for gainful employment. Through realistic five-year development plans, we are striving towards economic diversification and a cash economy that will generate employment and income to the people, thereby raising their standard of living. Farming still occupies and will continue to occupy pride of place in our economic development plans. We are indeed grateful to the friendly countries, more particularly our two developed neighbours in the region, New Zealand and Australia, for the aid they have been extending to us. We are also grateful to EEC for its assistance to us as a member of the ACP group of nations, to the United Kingdom and to all other friendly sources.

While the aid that we receive, both technical and financial, is an immense and necessary source of support to us, none the less, in order to sustain and further our economic growth and national well-being, we are placing increasing emphasis and reliance on trade. Aid is no substitute for trade. Trade is vital to our very survival and growth. Development of external trade is most crucial to us because of the smallness of our hinterland market and local demand for our products, be they from the farm or from the industries which we have started developing. Access to overseas markets for our products therefore assumes great relevance to us. And herein lies our major constraint. The constraint oftentimes is external in origin. The barriers imposed as a result of the deliberate policies of other Governments for protectionist or other reasons, geographical isolation, the rising cost of transportation and limitation of resources which preclude a fair economy of scale for productive operations to make our products competitive, all contribute to our state of near helplessness. A new dimension has been added to our problems because of the rising price of oil. This is bound to have a shattering effect on our economy and the lives of our people. What little progress we have been able to achieve will soon be set at naught.

We constantly face a critical balance-of-payments position mostly caused by an adverse balance of trade and currency fluctuations. As against galloping levels of imports, exports have only been creeping. In 1977

and 1978 our exports were \$6.2 million and \$4.6 million respectively as compared with imports worth \$17.7 million and \$22.3 million. So we had a trade deficit of \$29 million during the two years alone. Even discounting aid imports, the deficit is very high and causes us concern. In a situation like this, economic planning becomes very difficult.

Very nearly all our exports are farm products in their primary form. A significant aspect here is that, while the net value of the farm products that we export does not appreciate very much in the external market, and in fact tends to decline because of other cost factors, the position is very different in respect of imported products. We pay for inflation elsewhere and bear the burden of supporting the economies of the countries from which we import. This is a situation to which this Conference should give serious thought in order to evolve corrective action. One way is by strengthening the various commodity price stabilization schemes currently operating and introducing new ones, coupled with guaranteed market access. To some extent, a country like Tonga can improve its export earnings from farming by processing the farm products. I refer to the need for establishing agro-based industries for adding value to the product. This will also help us to overcome the problem of perishability of farm products; as it is, they cannot withstand long haulage. But there is hardly any hope for us to succeed in this because of the many tariff and non-tariff restrictions, oftentimes coupled with monopoly situations and consignment systems at the importing end. Particularly in regard to our farm products, because of monopoly buying we are virtually in a buyer's market, not knowing what return our farmers and exporters will obtain for their products.

Such a situation should give way to more liberal trade between countries. One can never visualize a country such as ours swamping any overseas market, causing market injury or economic disruption in the importing countries. Trade barriers therefore need to be narrowed down considerably, if not altogether eliminated, if we are to succeed in establishing a more equitable economic order. The Tokyo Declaration and previous UNCTAD resolutions sounded promising. Some Governments are showing some signs of awareness of the need to liberalize the restrictions, but a lot remains to be done. Recognition of our problems and good intentions alone are not enough. The developed countries have an obligation to the developing countries in this regard, particularly to small and economically weak countries like Tonga. Protectionist measures where absolutely necessary should be resorted to only as a temporary expedient of very short duration and in consultation with affected parties. May I pose this question to the conscience of this Conference: is there any real need or justification for the developed countries to protect themselves against the small and economically weak countries when it comes to trading? Speaking for Tonga, in my humble view, could we not expect the developed countries to import from us at levels at least

up to those at which we import from them without applying any restrictions? I am not forgetting the role the major developing countries could play in assisting us. We need their fullest co-operation and assistance as well in promoting our trade and economic development.

Yet another aspect requires to be dealt with. This is about the value added formula governing market access for products of developing countries to the markets of developed countries. The formula needs to be very flexible so as to be really supportive of the economies of developing countries. This is because, while the cost of imported raw materials and semi-finished products keeps rising steeply, the cost of local labour content remains either constant or registers only a marginal increase. As a result, the local value added becomes lower and lower in relation to the total product cost, which affects our market access under the formula.

Coming from a small country located far from the mainstream of international trade, I would wish to draw the attention of this Conference to the special needs of small island developing countries in the Pacific such as Tonga. The special needs are a direct consequence of the special problems we have to face due to smallness of size, scarce resources, geographical remoteness, lack of technology and skill and, last but not least, the inadequate attention paid so far by the international community to our economic development.

**Statement made at the 155th plenary meeting, on 11 May 1979,  
by Mr. George Chambers, Minister of Industry and Commerce of Trinidad and Tobago**

Mr. President, it is with great pleasure that I extend to you, on behalf of the Government of the Republic of Trinidad and Tobago, of my delegation and on my own behalf, our sincere congratulations on your election as President of this fifth session of the United Nations Conference on Trade and Development.

Let me put on record my delegation's sincere appreciation to the Government of the Philippines for the excellent arrangements made for this Conference and for having taken such meticulous care in anticipating and catering to our various needs. We have been particularly struck by the courtesy and dedication demonstrated of all levels.

This fifth session of the Conference marks the culmination of a considerable effort. The Group of 77 has had preparatory conferences at the regional level in Africa, Asia and Latin America prior to convening its Fourth Ministerial Meeting in Arusha, United Republic of Tanzania, in February 1979. The developing countries have devoted much time and energy, at considerable cost which we can ill-afford, and have provided ourselves with opportunities to focus exclusively on the issues which are before us at this Conference. This is the measure of the importance which the Group of 77 attaches to a successful outcome of these proceedings. I say all this to underline the fact that, in the hierarchy of concerns besetting the Government of

Apart from trade liberalization in our favour to which I referred earlier, there is also a need to consider the quantum and form of aid. Donor countries should allow a greater degree of flexibility in the utilization of aid funds; in addition, recipient countries should enjoy greater freedom to procure services and equipment from sources that are more appropriate to us and available on easier terms than in the donor countries themselves. We should have the freedom to choose and adapt the technology that is best suited to our specific needs and levels of skills. Here, the example set by international funding agencies like AsDB is perhaps worth emulating. This would enable optimum use of aid for developing the economies of recipient countries. However, procedures governing appraisal of aid requests and flow of funds need to be revised because aid delayed is aid denied.

May I say on behalf of myself and the Tongan delegation how grateful we are for the opportunity afforded to us to participate in this Conference. We do so with the hope and expectation that the deliberations at this Conference will substantially further the cause of international well-being and solidarity so dear to all of us.

Before I conclude, let me express our sincere appreciation and gratitude to the Government of the Philippines for the excellent arrangements made for the Conference and the hospitality extended to all of us.

Trinidad and Tobago, matters relating to trade and development occupy the very highest priority.

I dare to hope, therefore, against this background of preparation by the Group of 77, that others have brought to bear an equal measure of concern for these matters and that they will have been able to define the necessary political will to direct their very considerable resources towards formulating responses to remove most, if not all, of these long outstanding issues from the perennial roster of just and reasonable complaints against the old and iniquitous international economic order.

Without such preparedness, the augury for this Conference will be one of considerable frustration, another chapter in the long history of frustration for the developing countries. My delegation is, however, optimistic and it is this optimism which has brought me here to lend support to the appeal for co-operation towards a successful outcome.

Not much has changed since the fourth session of the Conference. Although there has been some measure of agreement on a Common Fund under the integrated Programme for Commodities, the problems of manufactures and commodities still represent major areas of concern to developing countries. It must be recalled that at the fourth session the major focus of our

preoccupations was commodities and the Integrated Programme, of which the Common Fund occupied the central position. While one cannot say today that this Integrated Programme has been implemented, the notion of price stabilization for commodities and the basic elements of the Common Fund have been agreed upon, and developing countries are now eager to move to the next stage in which the value-adding and job-creating aspects of commodity trade could be exploited to their benefit. I should like to emphasize my conviction that, unless developing countries can now move downstream to the processing stage of their commodity trade, the traditional division of labour that has perpetuated the imbalance in the world economy between North and South will continue, if in fact it is not exacerbated.

The problems of manufactures are manifold. Access to the markets of the developed countries continues to be a major source of frustration. At the fourth session of the Conference, the need for improving the conditions for expanding the exports of manufactures of developing countries did not attract the same degree of attention as did commodities. Nevertheless, several measures were identified, such as liberalization of governmental barriers to trade, improvement and consolidation of the GSP, reorientation of industrial policies, including the adoption of appropriate adjustment assistance measures, strengthening of marketing and distribution channels and control of restrictive business practices, to list but a few elements of the comprehensive strategy for the establishment of the new international economic order.

The formulators of that strategy recognized that a major bridgehead for securing the goals of the new international economic order was the attainment of the target of the Lima Declaration of a 25 per cent share in world industrial output for developing countries by the year 2000.

To attain that target, it was estimated that industrial growth in the developing countries should increase at a rate of at least 10 per cent per year and exports of manufactures at a rate of at least 12 per cent per year. Over the last two decades exports of manufactures have grown at a rate of over 7 per cent and during the period 1973-1976 they slowed down to 6 per cent. The present era of revived protectionism and deceleration of growth in the industrialized economies are factors that have not taken us any closer to the Lima target.

This slow growth in the world economy has been used by those with the capacity to alter the situation as an excuse to impose a virtual standstill on all measures that might result in easier access to their markets by developing countries. In this regard, the experiences suffered at the multilateral trade negotiations have served to underline the growing apprehension that developed countries intend to permit matters to become much worse before remedial action, often proposed, can be accepted and implemented.

One might say that over the last few years UNCTAD has abdicated its role as a forum for the consideration of the trade problems of the developing countries in the areas of manufactures and semi-manufactures, and these countries have been forced once again to rely on

GATT, which had already proved itself incapable of dealing with their problems. There, on the periphery of the multilateral trade negotiations, most developing countries sought, without success, to secure special and differential treatment in the normative areas of the negotiations. In the tariff negotiations, most developing countries were excluded by the principal supplier thesis, and even where they had a say, with reciprocity having been abjured at Tokyo by the developed countries, the developing countries were required to make contributions for any concessions sought.

Our initial assessment of the emerging package from the multilateral trade negotiations gives us no hope that our particular problems are being considered or that the Tokyo Declaration is being honoured, far less that the Lima target is being kept in sight. The time has come when UNCTAD must re-establish itself as the centre for all trade problems, and not just the commodity trade, of the developing countries.

We now stand on the brink of the Third United Nations Development Decade but, instead of an emerging new international economic order, we find the old rejuvenating itself through generous doses of protectionism from the rich economies which are closing their doors to competition from developing countries.

Where does a small country like Trinidad and Tobago stand in this situation? Like most developing countries, Trinidad and Tobago has a youthful, articulate population that demands the amenities of a modern society and the right to be employed. Thus the immediate concern of the Government is to create additional jobs, and this makes industrialization a necessity. It cannot be denied that only through rapid changes in the structure of the economy can sustained economic development be achieved.

As a small island developing country with limited resources and a minute domestic market, for any industry to be viable it must achieve a scale of production beyond the capacity of the home market; hence the dire need to export. As we embark on our industrialization projects, we face a steeply rising demand for capital goods, industrial materials, technological know-how and technical skills. These have got to be paid for in foreign exchange, and those who sell us these goods must face the reality that the old division of labour is inimical to economic growth both in the developed and in the developing countries and that two-way trade in industrial products is a necessity. By this process, the mutual economic interests of both developed and developing countries will best be served.

It is recognized that there will be need for adjustment as areas of comparative advantage emerge, but such adjustment, it has been demonstrated, has the tendency to make the adjusting economy more competitive; and if at this stage costly structural change is being asked of the developed countries it is only because they have the resources, human, financial, technological and other, plus the experience and the flexibility, to convert a painful process to one of advantage to their sophisticated industrial societies. While, therefore, the problems of structural change cannot be minimized, the need for such change cannot be denied.



Long-term policies for world industrial restructuring, aimed at ensuring optimal overall growth, require conscious effort by the international community. Sectors that need structural adjustment elicit a protective response which can be costly in the short run and painful in the longer term; hence the need to institutionalize the search for adjustment mechanisms and the importance of monitoring their performance.

Experience has taught us that many stopgap measures taken under the rubric of temporary safeguard action have in their application become permanent. Consequently, there is an obvious need to identify and dismantle such barriers to trade through consultation and negotiation within a new framework.

The problems of trade and development cannot be seen in isolation from the closely related problems of money and finance. Thus, while the Government of Trinidad and Tobago is firmly of the view that efforts in international forums should not be duplicated, there nevertheless appears to be a place within this new framework for a mechanism which rationalizes the short-term and long-term needs of an evolving international trade and monetary system. As early as 1947, the framers of the Havana Charter and the Bretton Woods system recognized the interdependence of trade, monetary and financial issues. No trading system can function satisfactorily in the absence of a monetary and financial system that both lends a degree of stability and certainty to international transactions and provides participants with sufficient liquidity.

It may be premature to start negotiations on such a comprehensive framework, but even as we attempt to construct mechanisms and institutions to alleviate our more pressing problems of trade and development we must be aware that such a framework is both desirable and, in the long run, indispensable.

The events of the last decade have underlined the chronic need for our evaluation of the international monetary system, particularly as it relates to the problems of the vast majority of the trading nations of the international community—the developing countries. Therefore actions in the various fields designed to bring about improvement in the economic development of the third world must be co-ordinated, lest we build at one level while at the same time we seek to destroy the foundations of our efforts.

Access to technology, in accordance with numerous solemn undertakings in august forums of the interna-

tional community, is proving to be as difficult a proposition as any other vital component for the establishment of the new international economic order. Trinidad and Tobago has striven, along with many other developing countries, to facilitate and increase in the international flow of all forms of technology, under favourable terms and conditions, to eliminate restrictive and unfair practices affecting technology transactions and to develop and strengthen the national technological capabilities in all developing countries.

One important vehicle for giving effect to these aspirations, the international code of conduct on the transfer of technology, is still the subject of negotiation. This is perhaps as it should be, for nothing as important as a multilateral, universally applicable and legally binding instrument can be achieved without painstaking, mature consideration and decision. But I should like to express the hope that the seriousness of the commitment involved in bringing this issue to fruition will not be yet another cause for the familiar paralysis that sometimes overtakes the developed world even when all the evidence cries out that quick action must be taken.

The Government of Trinidad and Tobago looks forward with confidence to the next Conference on a Code of Conduct on the Transfer of Technology later this year, for a demonstration of political will on the part of the technologically rich to manifest their support for a system of technology transfer which will cater to the particular needs of the developing countries.

I should like to emphasize that difficult matters, the resolution of which will have a considerable effect on the well-being and security of generations to come, cannot be resolved with the wave of a magic wand. Their solutions require political will, even sacrifice, and a determination to take the measures that are required, not because they are inevitable, which they are, but because the time has come to demonstrate the fact of the interdependence of all countries, North and South, developed and developing, East and West, trapped in one environment and constrained by the same storehouse of limited natural resources. How to maximize the utilization of these resources is a matter which deserves the conscientious co-operation of all countries of this planet, and the role of UNCTAD in this endeavour is crucial. The fifth session of the Conference must add another chapter in the ongoing chronicle of achievement towards the establishment of the new international economic order.

**Statement made at the 147th plenary meeting, on 8 May 1979,  
by Mr. Slaheddine Ben M'Barek, Minister of Trade of Tunisia**

Mr. President, permit us to offer you our congratulations on your election to preside over this Conference. We are sure that, thanks to the great qualities for which you are known, our work will be marked by a spirit of understanding and co-operation which will make the fifth session of the United Nations Conference on Trade and Development a decisive stage in the establishment

of the new international economic order. Our congratulations go also to the members of the Bureau.

We should like to take this opportunity to thank the Philippine authorities for the excellence of their organization of the Conference, which has ensured us the best possible working conditions.

The cordial welcome and the hospitality which the Philippine people are lavishing upon us are part of the deep-rooted tradition which the First Lady, Mrs. Marcos, so warmly expressed in her welcoming address.

President Marcos dwelt on the main lines of the new concept of international co-operation, which best corresponds to the legitimate aspirations of all peoples. His statement, which was marked by a realistic and global view of international relations, represents a most valuable framework and source of inspiration for the conduct of our negotiations.

The materialization of this new concept of co-operation is encountering serious difficulties. The report by the Secretary-General of UNCTAD, Mr. Gamani Corea, shows that fundamental problems persist and that they require not only recognition on our part but also an active willingness by all countries to apply appropriate solutions to them.

By reason of its scope, its persistence, and the multiformity of its manifestations, the international economic crisis which now besets us is the most serious since the Second World War. The average annual rate of growth of GDP in the industrialized countries fell from 5 per cent in 1963-1973 to 2 per cent in 1973-1977; in the developing oil-importing countries, it fell from 6 per cent to 4 per cent over the same period.

Recession, or at least slower growth, is no longer incompatible with inflation, and inflation is no longer reducing unemployment but has become one of its major causes. Excessive instability in exchange rates has unfortunately become a monetary custom. Trade cuts and the resurgence of protectionism are aggravating the uncertainty over the development prospects of our economies, especially the economies of developing countries, where sustained growth presupposes, *inter alia*, the healthy functioning of the economies of the developed countries.

The general interdependence of our economies and societies thus requires no further proof, and events both political and economic demonstrate more forcefully each day that their effects are no longer limited to the spheres in which they occur.

What could be more normal than effective solidarity between all the nations of the world in the face of the chronic crisis which is disrupting our present and threatens the future of the generations to come?

The limited effect of short-term remedial policies shows that the persistent crisis is not at all a cyclical or exceptional phenomenon, but the result of profound structural disorder. The partial solutions which are being applied are, in fact, merely postponing the collapse of an outmoded system.

Far-reaching changes have become a *sine qua non* for the restructuring of international economic relations and the establishment of a new world economic order in which the growth of all economies would be balanced and harmonious and provide security for all.

Even the developed countries are finding it more and more difficult to resolve their problems through the machinery of the current system. The system is *a fortiori* even less capable of countering the side-effects

engendered by those problems in the developing countries, which were unable to ensure that their interests and needs were taken into account when it was defined and put into effect.

The fifth session of the Conference, which is being held on the eve of the preparation of the New International Development Strategy for the 1980s, should not let slip the opportunity of reaching practical conclusions capable of contributing to the definition of the targets for the Third United Nations Development Decade.

The results of the negotiations in the context of the North-South dialogue and the progress made in implementing the resolutions of the fourth session of the Conference, held at Nairobi in May 1976, are far from matching the legitimate and realistic aspirations of developing countries. But that should stimulate us to further efforts to meet the challenges of the world-wide crisis.

This Conference should be the expression of a common political will to make the essential reforms through effective co-operation and to avoid the risks of confrontation and of the deterioration of international economic relations.

The developing countries, which are now resolutely engaged in the consolidation and expansion of their economies in order to reach the economic take-off point, are increasingly encountering a resurgence of protectionism on the part of the industrialized countries.

This is all the more disturbing in that the protectionist measures and practices affect sectors in which the developing countries enjoy a clear comparative advantage.

We are certain that this policy is not one that can halt the structural crisis in which the industrialized world is embroiled and that it is in no way capable of resolving the serious problems affecting the world economy. On the contrary, such a policy can only result in the worsening of international economic relations and delay the implementation of developing countries' economic and social programmes.

We consider that the developed countries' efforts would be better directed towards the reconversion of sectors in which their activities are no longer economically viable. Rather than demand that the developing countries reorient their industrial or agricultural production potential, the developed countries, which have a greater capacity for adaptation, should themselves encourage such changes for the sake of improved international competitiveness.

In a word, the policy of the international hierarchization of labour which has been engendered by the current economic system, particularly by the activities of multinational enterprises, must give way to a genuine international division of labour in accordance with the objectives of the new world economic order.

The international community owes it to itself to take any action calculated to improve access to the markets of the industrialized countries for the products of developing countries. This is all the more urgent because the multilateral trade negotiations have failed to achieve

the results expected, the principles of which were set forth in the Tokyo Declaration. The developing countries looked to the multilateral trade negotiations for a substantial reduction, and even the elimination, of non-tariff barriers, which, as we can see, are increasingly replacing or reinforcing customs barriers. The existing technical and normative regulations are not capable of guaranteeing developing countries secure outlets for their products.

The restructuring of international economic relations will be an impossibility unless the developing countries have access, on the most favourable possible terms, to the technology which is the fundamental element of their economic expansion.

Our country longs for substantial progress in the strengthening of the developing countries' technological capacity just as much as it regrets the developed countries' unwillingness to work towards the adoption of a mandatory international code of conduct on the transfer of technology. There is no need to stress the fact that the enhancement of the developing countries' technological capacity would enable them to improve their share in world industrial output.

The transfer of technology cannot attain the objective set for it without the co-operation of developed countries in the judicious use of technologies and in their adaptation to the economic and social realities of our countries.

The transfer of technology will have a decisive influence on the economic and social development of developing countries only if steps are taken to improve the arrangements for the integration of technological advances and to enhance receptivity to them.

I would emphasize in conclusion that the ultimate objective of a "new technological order", if you will permit me the expression, will have to be achieved on the basis of a co-operation that is mutually beneficial for all parties and that forswears the hierarchization of technology in favour of free, non-discriminatory access and of a distribution based on international specialization linked to the comparative advantages of individual countries.

There have, in turn, been a number of exceptions to or suspensions of the hierarchization to which I refer. This has been the case, for example, in textiles where, despite the comparative advantage enjoyed by developing countries, certain developed countries continue to protect their own textile industries and even to violate the rules of international competition.

Co-operation among developing countries, which is another component of the new international economic order, is in our opinion a stimulant to and a support for a better balance in international relations.

The responsibility for ensuring the economic development of our regions and social justice for our peoples lies primarily with us developing countries. Consequently we should, in accordance with the principle of the desire for self-reliance, focus our fullest attention on the development of closer economic and technical co-operation, with a view to the harmonization and co-ordination of our respective economic policies.

An effort by the developing countries to mobilize their own resources for the achievement of their economic and social objectives would require the unconditional support and the constant assistance of developed countries and international institutions. Action to that end must be in keeping with the programme of economic co-operation among developing countries adopted at the Nairobi Conference.

Such action should further the development of regional and interregional economic and technical institutions and enterprises. It should also be aimed at stimulating the conclusion of preferential trading arrangements between developing countries and the establishment, for their benefit, of export credit financing and guarantee systems which take into account their particular situations.

It goes without saying that the success of the programme of economic co-operation depends on the implementation of the Buenos Aires Plan of Action for Technical Co-operation. If those principles were respected, the seriousness of the world economic crisis would unquestionably be attenuated, and that in turn would help to accelerate the establishment of new relations based on respect for human dignity and progress.

Of no less importance is the question of the Integrated Programme for Commodities, on which we feel compelled to make a few remarks. The agreement of last March on the fundamental elements of the Common Fund evoked differing reactions.

In our opinion, this institution, which is still at the embryonic stage, cannot become operational without the materialization of the other elements of Conference resolution 93 (IV), particularly the conclusion of international agreements on all commodities.

In that connection, we cannot but regret the slowness and even paralysis which typify the negotiations on the majority of commodities.

In the case of Tunisia, about three years were required for the adaptation of the old agreement on olive oil. How long, then, will it take to conclude the agreement on phosphates, which is still at the stage of preparatory consultations?

The way in which negotiations on the Integrated Programme for Commodities are proceeding shows that there will be numerous obstacles to overcome on the road to the achievement of the objectives to which we have all subscribed.

The concern of my country and, indeed, of all developing countries extends to an area which is essential to the institution of a new era of co-operation, namely, that of co-operation on monetary and financial issues.

In our view, the progress made in the developed countries as a whole towards the attainment of the target of 0.7 per cent of their GNP for ODA constitutes a further reason for concern.

Furthermore, we believed that the compromise reached in March 1978 on the question of debt and development was going to be an effective contribution to the improvement of our relations.

The present monetary system is largely responsible for those relations; it is true that it was originally designed for an economy where co-operation and interdependence were seen differently.

Since we are aware of the vital importance for all countries of monetary and financial issues, we wish to stress the urgency of action which takes into account the particular situation of the developing countries. Such action should include in particular:

Substantial and regular increases in the flow of ODA, especially to countries having a priority need; the terms and modalities of that assistance, which should be untied, could usefully be improved;

Increases in the aid flows from multilateral institutions and softening of credit terms;

Maintenance of private capital inputs on terms that make possible easy access to the financial markets of developed countries;

Encouragement for the institution within the World Bank of long-term facilities for the financing of purchases of capital goods;

Readjustment of the international monetary and financial machinery to ensure its efficient response to the requirements of all developing countries, irrespective of their level of economic development.

Finally, in order to satisfy the developing countries' legitimate aspirations for a sustained growth that will ensure for their populations a worthy and decent life, and to do so without affecting the level of development of the industrialized countries (indeed, quite the contrary), it is necessary and urgent to move beyond the stage of wishes, hopes and complaints and to initiate concrete and concerted measures in the framework of a new system designed to bring about the essential changes and to lay the foundations of a better world for the entire international community.

It is in that spirit that Borguiba's Tunisia issues from this rostrum a solemn appeal for the realization, within a reasonable period, of the constituent elements of the new world economic order.

**Statement made at the 159th plenary meeting, on 15 May 1979, by Mr. A. Gündüz Ökçün,  
Minister for Foreign Affairs of Turkey**

It is a great privilege for me to address the fifth session of the United Nations Conference on Trade and Development, which is being held at a time when efforts to establish a new international economic order have gained momentum. We have the highest regard for UNCTAD as the main instrument in furthering this momentum, and it is a great opportunity for us, Mr. President, to have you at the presidency at this juncture. Your wisdom and long experience give us confidence that we shall be properly guided in proceeding towards our goal of a better world for mankind. Permit me to congratulate you and the other members of the Bureau on this occasion.

We are deeply grateful to Mr. Ferdinand E. Marcos, President and Prime Minister of the Republic of the Philippines, and to the First Lady, Mrs. Imelda Romualdez Marcos, Governor of Metro Manila and Minister of Human Settlements. They have not only offered us a most suitable environment for our work through the impressive and efficient preparations for the Conference, but also have provided us with valuable ideas to be used in our deliberations, by their illuminating addresses.

Our profound gratitude also goes to the people and the Government of the Philippines for the warm and cordial welcome we have received. They have given us friendship, comfort and ease of mind.

Permit me also to express our heartfelt thanks to Mr. Gamani Corea and his able staff. Their input to the Conference deserves the highest praise.

The significance attached by the Turkish Government to the concept of the new international economic order is clearly defined in its programme. Turkey firmly

believes that, if the present trends of world economic relations continue, none of the adverse social and political consequences can be avoided. It believes that current economic problems as between North and South can be resolved only through meaningful co-operation. Such co-operation for a just and balanced world requires that the rules governing international economic relations be redefined. This redefinition is an inevitable one. But the crucial question is whether these inevitable changes might lead to chaos and confrontation or whether a degree of orderliness might be introduced through logic and understanding.

I must say that the record so far has not been very encouraging. While even a cursory review of developments in the international economy since the fourth session of the Conference is sufficient to prove that the difficulties faced by the great majority of countries are due mainly to the structure of the world economy and cannot therefore be explained by cyclical factors, the dominant actors in the international arena, i.e. the industrialized countries, do not appear as yet to be ready to play fully the important role due incumbent on them, a role that is of vital importance for the establishment of a new international economic order. The existence of new dynamic forces of change, particularly the significant and irreversible trend towards a new international division of labour, is a fact which can no longer be ignored and which calls for an imaginative search for long-term solutions. An earlier recognition of the imperative need for structural adjustments in the direction of the dynamic forces of change instead of *ad hoc* and short-term arrangements presents itself as a vital necessity for the interests of the world community as a whole, of both developed and developing countries. National pros-

perity and wealth in a world where poverty still prevails, mainly as a result of an inequitable and unjust economic order, is bound to be unstable and precarious.

On the other hand, a careful and quantitative investigation of the various changes which have taken place since 1974 clearly demonstrates that the role of the developing countries in the world economy is no longer a completely passive one. Although the dependent status of the developing countries as a whole is far from being a phenomenon of past history, it is equally evident that their overall economic importance has increased significantly in the past few years. Today a number of industrialized countries have already realized that the difficulties of their economies can no longer be overcome by internal measures only. Even co-operation among the major developed countries, which proved useful in the past in correcting cyclical disturbances, seems to have reached its limits.

It follows that a persistent neglect of a comprehensive approach embracing both poles of our planet will only perpetuate the present uncertainties. A continuation of policies aimed at marginal changes in existing structures and institutions will no longer be possible if the world economic and political systems are to work efficiently and equitably not only for the poor but also for the rich countries. The future well-being of the industrial world is becoming highly dependent on the development of the developing countries.

The period of slow growth is already at hand for the industrialized countries, with saturation in many markets leading to reduced demand and stagnation in investments. It is evident that the healthy growth of the developed economies depends more than ever on their export performance. In this respect, the developing countries offer larger markets than any other country or group of countries. They are better placed to serve as the engine of growth for the sluggish world economy. It follows that growth and development in the developing countries, and their participation in world trade on a more active basis, are the necessary preconditions for the elimination of the current crisis for the developing as well as for the developed countries. This means that the demands put forward for the establishment of a new international economic order should be considered as a matter of vital importance for the welfare of the international community as a whole. This is the context in which my Government understands the concept of interdependence.

Such a diagnosis of the world economy, now shared by a large majority of countries and by individuals who are the highest authorities in the field, necessitates the correction of existing biases against the developing countries in the international system. For the prevailing system is in disequilibrium structurally. It discriminates against the interests of the developing countries.

It does so, firstly, through the international trading system. This is a system where the distribution of value added to the products traded between the developed and developing countries is heavily weighted in favour of the former.

It is a system where the international division of labour is distorted artificially through protective walls

in various forms round developed economies, walls which prevent the developing countries from receiving their due share of global wealth. Here, it needs to be stressed that this inherent disequilibrium of the system has been further aggravated in recent years due to the increase of protectionism by the industrialized nations in the field of trade in manufactures. It is now universally recognized that the new and rapidly proliferating restrictive measures taken by these countries not only impair development efforts but also result in heavy costs for the developed world itself. It is time that this recognition were translated into concrete action with a view to the adoption by the industrialized countries of effective and deliberate positive structural adjustment measures.

The prevailing system further discriminates against the interests of the developing countries through the international monetary system, a system characterized by a tremendous imbalance in the distribution of international reserves, a system where international credit is created, distributed and managed in line with the capabilities of the strong few, where the burden of adjustment is systematically shifted to the deficit countries within limited time-frames through the strict conditions imposed, where no conditions are provided for those countries that enjoy surpluses to adjust downward. The application of the principle of conditionality in its present form, which does not take into consideration the particular economic and social development priorities of the member countries, tends to create serious political and social consequences. The recent decision of the Executive Board of IMF on this question should be considered a positive step, since it implies a new approach. I am happy to observe that this new approach was underlined by the Managing Director of IMF in this forum when he stated that, "to be even-handed, conditionality must take into account the domestic political and social objectives of member States, as well as their economic priorities". He went on to assure us that this decision would not remain on paper. My Government takes note with satisfaction of that assurance. My Government also hopes that further improvements in this direction to be defined by the Executive Board on the terms of the principle of conditionality will be forthcoming.

Still speaking about the present world system, another salient characteristic is that it creates chronic balance-of-payments disequilibria for developing countries and obliges them to resort to short-term credits to finance their long-term investments. Both these inter-related factors lead inevitably to acute situations of indebtedness for the developing world.

This picture of the present-day world economic system leads the Turkish Government, like the Governments of many other countries, to the conviction that the process of deliberate restructuring is an absolute necessity, a process where long-term gains should prevail over short-sighted, immediate benefits.

Such an approach necessitates persistent political will, especially for the Governments of industrialized countries, which should convince their constituencies of long-term gains. The areas to be covered are vast and interlinked. They have all been outlined in the extensive

research material already available to us and need not be repeated in detail. Very simply put, they necessitate a contribution for the strengthening of the commodity sector in order to transform it into a meaningful supporting sector for the industrialization of developing countries, the elimination of artificial barriers to the transformation of the economies of these countries into industrial entities within a realistic international division of labour, and positive inputs for such transformation through transfers of financial means and also of required technology.

In the important field of commodities, global action to correct market structures of commodities is still an essential objective. We believe that this requires the launching of a system aimed at the dynamic stabilization of prices, the stabilization of export earnings from commodities in real terms, and more effective participation by developing countries in the marketing and distribution of their commodities in primary, semi-processed or processed forms. For my Government, effective national control by the developing countries over the use of their own resources provides the basic principle in this area.

In the perspective of fundamental change, the evolving necessities of the international economic order have to be scrupulously analysed and shaped. It is becoming increasingly evident that new international arrangements are required to offset the existing distorted structure. The series of codes of conduct currently being elaborated through intergovernmental negotiations or the new ones to be devised are intended for this purpose. They are the prerequisites for the smooth running of a future balanced and equitable world economy. It naturally follows that these codes need to be supplemented by new institutions and by changes in the functioning of existing ones.

We are aware of the difficulties in embarking upon such far-reaching policies. But the huge economic problems with which my country is faced, and which are to a large extent a reflection of the present world economic structure, lead us to conclude that there is no alternative. For otherwise we all stand to lose. As I observed earlier, the economies of the industrialized countries are as much at stake as those of the developing ones.

This Conference offers us the opportunity to advance in a number of areas that would mean progress as compared with what was produced in Nairobi three years

ago. I wish to single out three areas where progress has to be achieved.

The first is the area of money and finance. Recommendations and decisions that would give impetus to the search for a new monetary system geared to the requirements of long-term economic development should emerge from this Conference. This should be coupled with the means to be defined to bring about the rapid transfer to the developing countries of the massive resources that would generate effective demand. Viewed through the concept of interdependence, such a development will assist the developing countries in moving towards their predetermined goals, while providing the framework for expansion in the developed world.

The second area relates to ECDC. We, as members of the developing world, are aware of our potential and our individual responsibilities. There is no need to repeat that development is above all our own responsibility as developing countries. This implies sustained efforts on our part directed towards achieving rapid economic development while building an equitable social structure. As to our collective potential, the reality is that we have so far been unable systematically to put this potential to effective use. At this juncture, on the other hand, we stand a good chance. For the first time we possess a comprehensive programme that could put in motion the creative power existing in the developing countries through the dynamic concept of collective self-reliance. Steps towards the implementation of the programme for ECDC will directly contribute to the establishment of a more balanced structure of the international economy. This is precisely the reason why the Conference should lay the groundwork, institutionally and in substance, so that the programme might be launched without any impediment.

The third area is that of the institutions where the world economy is shaped. Fundamental structural changes require the gradual restructuring of the international institutional framework to serve this objective. This necessity also implies ensuring a greater participation of developing countries in the international decision-making process. Therefore it is desirable that this Conference should pave the way for such a transformation in existing international institutions, and in particular should reinforce the unique role played by UNCTAD in the process of establishing the new international economic order.

I assure you of the continued contribution of my delegation to the achievement of these ends.

**Statement made at the 167th plenary meeting, on 21 May 1979, by Mr. William Ssemwogerere, Under-Secretary for External Trade at the Ministry of Commerce and Industry of Uganda**

Before beginning my statement I would like to state that I have the greatest honour and privilege of conveying through you, Mr. President, the warm greeting and wishes of success from the President of the new Ugandan Government, Professor Y. K. Lule, to President Marcos, the First Lady, the people of the Philippines

and the delegates at the fifth session of the United Nations Conference on Trade and Development.

Allow me first, on behalf of the Government and people of Uganda, to convey congratulations to President Marcos, his Government and the people of the



Philippines for hosting the fifth session of the Conference. I would also like to congratulate you, Mr. President, upon your election to your challenging post. I take this opportunity to thank the Secretary-General of UNCTAD and the secretariat for the commendable work that has been done to support and service the proceedings of this Conference.

Before I make some observations on some of the issues that are before this Conference, I would like to express my Government's apology for the fact that the Ugandan delegation was able to join the deliberations of this Conference only belatedly. Nevertheless, I wish to assure you that the new Government of Uganda attaches very high priority to the aspirations and objectives of the United Nations and pledges its full support to the principles guiding its activities and those of its affiliated organizations.

The current session of the Conference is an occasion towards which we look forward with great expectations, since we are convinced that, given the positive and constructive political will of the international community, it should lay a firm foundation for a new international economic order and thus provide a framework for a stable and equitable development of the global economy.

Although the issues before the Conference touch on the various traditional concerns of UNCTAD, their deliberation during the current session marks a special challenge in that it is taking place at the threshold of the Third United Nations Development Decade which, after the series of serious dislocations in the world economy and their very grave and adverse impact on the economy of the developing world during the last decade, presents an opportunity for rededication by the international community. It must be commenced with full determination and commitment not only to reverse the present trend of economic stagnation and decline in the developing countries but also to establish new and effective measures which will bring about a positive long-term development in such key areas as commodities, money and finance, transfer of technology and assistance to the most disadvantaged category of developing countries, namely, the least developed, land-locked and island developing countries.

The delegates from developing countries who have taken the floor before me have dwelt in detail on the salient features of the above-mentioned central issues as conceived in the common position of the Group of 77 detailed in the Arusha Programme; nevertheless, I would like to seek your indulgence to make a few observations on some of the issues.

I would first like to refer to the substantial new programme of action for the 1980s for the least developed among developing countries. The Ugandan delegation attaches highest priority to this programme of action. Its full support by the international community will be the clear recognition of the desperate economic situation of these countries and a demonstration in concrete terms of willingness to assist them in overcoming their extreme development difficulties, as reflected in the very poor economic performance during the past decade.

As is known, the least developed countries not only face serious long-term economic development problems due to the deep-rooted structural weaknesses of their economies but are also confronted with a formidable challenge to provide immediate support for the rehabilitation and reconstruction of their economies, particularly those which have been victims during recent years of various forms of devastation, such as the drought in the Sudano-Sahelian zone of Africa. My own country, which also belongs to the category of least developed and land-locked countries, has, as a result of the circumstances that prevailed since January 1971 until only recently, experienced severe economic difficulties, and the challenge to the Ugandan Government to reconstruct and rebuild the base for future development is formidable. My delegation therefore attaches great importance both to the immediate action programme (1979-1981) and to the new programme of action for the 1980s for the least developed countries as put forward by the Group of 77 in its Arusha Programme.

In the field of commodities, my delegation would like to commend the positive results reached during the recent Common Fund meeting in Geneva, but views this only as the beginning of a search for a more lasting solution to the commodity problems that have acted as a serious constraint on the development of many of the developing countries heavily dependent on primary commodities as a source of their foreign exchange availabilities. As a member of the group of least developed countries, my delegation would like in this connection to urge the effective implementation of special measures in favour of the least developed countries within the Integrated Programme for Commodities, as called for by Conference resolution 93 (IV). These measures, as is known, include exemption from financial contributions in order to accommodate the needs of the least developed countries.

In the area of money and finance, the developing countries have noted with some satisfaction that several developed countries have gone some way in implementing resolution 165 (S-IX) adopted by the Trade and Development Board at the ministerial part of its ninth special session, which called on developed donor countries to seek to adjust the terms of past bilateral ODA to bring them into line with the currently prevailing softer terms in order to enhance the development efforts of poorer developing countries, particularly the least developed among them. My delegation would like to urge all the developed donor countries to work positively towards full implementation of this resolution. With respect to the general terms and conditions of assistance, my delegation hopes that the developed countries will take more effective measures to move towards a more significant grant policy and work towards the total untying of aid to developing countries, particularly to the least developed among them.

There are other important fields where the developing countries still expect more dynamic evolution of the policies that have so far prevailed. The tariff and non-tariff barriers on the export structure of the developing countries, for example, still constitute a major constraint on the export development of these countries.

Referring once again to the particular problems of the least developed countries in this field, my delegation would like to note that those countries seriously need to diversify the weak structure of their export economies but that such efforts are significantly constrained by the formidable barriers on processed and semi-processed commodities. The removal of those barriers could have a decisive influence on the viability of many export projects.

Another reference might be made to the special consideration called for with respect to the least developed countries within the framework of the multilateral trade negotiations. Here again, the group of the least developed countries has seen no positive steps during the negotiations.

This Conference is going to determine the spirit of international co-operation during the coming Third United Nations Development Decade, and the developing countries are looking forward to its results in the areas briefly referred to above and also in other areas, and my delegation sincerely hopes that the Conference will achieve positive results.

In closing, permit me to make a short reference to the current concerns regarding Uganda's future economic development prospects.

The recent liberation of Uganda ended the eight years of tyrannical rule which not only caused the loss of hundreds of thousands of lives but also, in the context of this Conference, marked a systematic and deliberate

reversal of economic development of the country. I cannot therefore help, even at my level, taking the opportunity of this occasion to express on behalf of the now liberated people of Uganda our very sincere and deep appreciation first and foremost to the President and people of the United Republic of Tanzania and the members of the Tanzanian defence forces for the almost single sacrificial effort they put and are continuing to put in consolidating the country's stability. Next, I would like to thank all those other countries, like the Republic of Kenya, the Western countries and all other friendly countries from both Africa and elsewhere, which in one way or another are now helping us to regain our economic development direction. I should also like to mention that the people of Uganda are most appreciative of the assistance given by international organizations, both governmental and non-governmental, and even by individuals who have come to our aid at the time of our greatest need. It is indeed a demonstration which is worth emulation by the richer member countries participating in this Conference when it comes to discussions regarding the new international economic order.

The task facing the new Government and the people of Uganda in general, caused by the eight years of economic stagnation, is indeed a difficult one and will call for maximum co-operation and understanding from the world community. Uganda is, however, endowed with all the gifts of nature and with the high morale of the people of Uganda we can assure our friends that their assistance will bear fruit in the near future.

**Statement made at the 154th plenary meeting, on 10 May 1979, by Mr. Anatoly I. Evteev,  
Deputy Minister of Trade of the Ukrainian Soviet Socialist Republic**

Allow me, first of all, to express our sincere thanks to the Philippine people and Government for their cordial welcome and hospitality.

The fifth session of the United Nations Conference on Trade and Development has met in special circumstances, when the entire trend of international life bears witness to the fact that the restructuring of international economic relations on a just and democratic basis, and the consolidation of the new international economic order, which would speed up the process of overcoming the economic backwardness of developing countries and ensure the dynamic progress of all nations, have become major world problems.

The need for such restructuring of international economic relations is particularly acute at the present time, when the world capitalist economies are experiencing serious difficulties and are in a state of prolonged crisis. The unprecedented scale of unemployment, the downturn of business activities, currency devaluation, instability of exchange rates, galloping inflation, increased protectionism in the trade policy of developed capitalist countries—all these constitute formidable obstacles to development and to normal international economic co-operation. The socialist countries have given a detailed evaluation of the current world trade

and economic situation in their joint document which has been distributed at this session (TD/249). We trust that it will be duly studied and taken into account in the practical work of the session. It contains an assessment of the urgent problems of the present-day world economy and international trade and outlines the basic line of approach of the socialist countries to the restructuring of international economic relations.

The prospects for world economic development will depend, above all, on how much real progress is made towards extending political *détente*, combined with military *détente*, to all parts of the globe, with a view to ensuring peaceful conditions for the creative work of all nations and the development of equitable and mutually beneficial international economic co-operation. The world must be rid of the arms race imposed upon it by imperialism.

I would like at this point to refer to some well-known statistics, according to which, in the past two decades, the world has spent \$5,500 billion on armaments. What is more, the arms race, including the nuclear arms race, is leading to the constant development of new lethal types and systems of weapons, constituting an unprecedented threat to all mankind. That is why the General Secretary of the Central Committee of the

Communist Party of the Soviet Union, Leonid Ilyich Brezhnev, Chairman of the Presidium of the Supreme Soviet of the USSR, declared: "There is no more crucial problem at the present time, no more important task than that of halting the arms race and making real progress towards disarmament."

We in the socialist countries have invariably maintained that there is no alternative to peaceful coexistence and genuine disarmament, and we are doing everything in our power to curb and put an end to the arms race. Unless these problems are resolved, the chances of speeding up social and economic development and resolving a number of important economic and other problems will be limited by a shortage of means and resources. The link between disarmament problems and the objectives of development and the restructuring of international economic relations has been repeatedly pointed out in decisions of the United Nations General Assembly and its organs, including UNCTAD.

The modest results of years of effort to establish the new international economic order are convincing evidence that the main obstacle to the radical restructuring of international economic relations on a democratic and just footing was and continues to be the attitude of the monopolistic circles of capitalist States. Their policy of continued and intensified exploitation of developing countries remains essentially unchanged. In these conditions, the outcome of the campaign to restructure international economic relations depends and will continue to depend, in the final instance, on the extent to which progressive forces succeed in overcoming the resistance of international monopolistic circles, and on how uncompromising and persistent is the struggle of developing countries against imperialism and neo-colonialism. Accordingly, we support those provisions of the Arusha Programme of the Group of 77 which are directed towards the genuine restructuring of international economic relations on a just and democratic basis, the promotion of equitable and mutually beneficial economic and trade co-operation and the strengthening of the economic independence of developing countries.

The events of the 1970s show that the economies of a large group of developing countries have been particularly vulnerable to the effects of the crisis and to any instability in the trade and currency markets of the world capitalist economic system. The main indicators reveal that, for most of these countries, the gap in economic development levels has not narrowed in relative terms, but has even widened in absolute terms. The economic indicators of developing countries in the 1970s have been even lower than those attained by the majority of such countries in the 1960s.

The serious economic situation of developing countries is clearly illustrated by their external indebtedness, which, according to an UNCTAD estimate, now stands at \$280 billion. In dealing with this problem in the future, UNCTAD should take as its starting-point the true causes of the phenomenon, chief among which is the expansion of private capital flows to those countries. The statistics provided by the UNCTAD secretariat indicate particularly rapid investment growth rates for Western corporations and the operations of private Western banks in developing countries. For

Western corporations, such investments now yield a return of 25 per cent or more; this considerably exceeds the corresponding indicator for investments in the economies of developed capitalist States. The main point is that a substantial proportion of the profits is exported, thereby markedly aggravating the draining of resources from the developing countries' economies, further increasing their dependence on the West and generating a permanent state of inequality.

The steady growth of inflation is also inflicting huge losses on developing countries. We consider that a proper understanding of the causes of inflation, which has been a permanent feature of the market economies, affecting, in one way or another, the interests of all States, would facilitate the adoption of practical measures to mitigate the adverse effects of this situation on the development of the world economy and international trade. I should like to state my belief that UNCTAD will prove capable of inducing the States responsible for the present wave of inflation to adopt the measures necessary to limit the export of the phenomenon.

Particular attention should be paid at this session to the consideration of measures to combat protectionism in international trade, for this is a problem which affects all UNCTAD member States, particularly developing countries. The policy of a number of capitalist countries aimed at alleviating the effects of the crisis at the national level has led to a revival of protectionism on an international scale.

In dealing with these and other urgent problems of international trade and economic relations, UNCTAD should bear in mind the progressive provisions of the Declaration and Programme of Action on the Establishment of a New International Economic Order and the Charter of Economic Rights and Duties of States.

Those provisions, aimed at economic decolonization, should be further developed in the International Development Strategy for the 1980s. For only on such conditions will the Strategy constitute a real step forward, politically and in other respects, towards the genuine democratization of international economic relations.

More than four years have already passed since those texts were adopted but, as was correctly pointed out in the Declaration adopted by the Ministers for Foreign Affairs of the Group of 77 in September 1978, there has been no real progress towards the restructuring of international economic relations. In this, and in a number of other United Nations texts, it is rightly stated that the main obstacles to the economic independence of developing countries are still colonialism, imperialism, neo-colonialism, interference in internal affairs, *apartheid*, racial discrimination and all forms of foreign aggression and occupation.

In our view, the basic flaw in the programmes for the last two development decades was that they did not attach proper significance to the carrying out in developing countries of progressive changes including industrialization, democratic agrarian reform, introduction of nation-wide planning, equitable income distribution and improvements in the economic and social situation of the broad masses of workers.

As an international organization based on the principle of universality, UNCTAD must examine trade problems in the light of the interests of all States. In accordance with its terms of reference, deriving from General Assembly resolution 1995 (XIX), UNCTAD should consider and devise measures to expand all world trade flows. The exclusion of one or more international trade flows from this process is contrary to the universal character of the organization.

Trade between the socialist countries and developing countries is expanding by leaps and bounds. This situation has been achieved, in particular, thanks to the implementation of the measures referred to in the joint statement by socialist countries at the fourth session of the Conference, held at Nairobi (TD/211).

The Ukrainian SSR occupies an important position in the economic and trade relations of the USSR with developing countries. Its agencies and enterprises play an active role in the construction of those countries' mining, metallurgical, energy, engineering, chemical, oil, oil refining and light industry sectors of hundreds of enterprises, which are the property of the developing countries, a part of their national economy. It also co-operates extensively in the development of agriculture and in other branches of economic activity.

At present, industrial products manufactured in the Ukrainian SSR are exported to 106 countries, while goods are imported from 70 countries. More than 4,000 Ukrainian experts are working in developing countries and more than 30,000 specialists from Asian, African and Latin American countries have already been trained in the Republic. Today, 15,000 specialists from 111 countries are studying at Ukrainian higher

and secondary educational establishments. Sponsored by the United Nations, a large number of seminars have been held in the Ukrainian SSR for the benefit of developing countries on various aspects of economics, science and technology, and successful United Nations training courses for metallurgical and welding engineers are now in progress. A number of further seminars are contemplated.

The States of the socialist community derive no unilateral benefits or advantages from their many-sided co-operation with developing countries. Nor do they court concessions or seek to obtain political dominion and control over the natural wealth of developing countries. Their aim is the comprehensive expansion of co-operation with all interested States, on the basis of complete equality and mutual advantage.

For this reason, any approaches that do not reflect the realities of the contemporary world, the fundamental distinction between the two systems—socialist and capitalist—and their basic differences in relations with developing countries, run counter to any genuine restructuring of international economic relations on a just and democratic basis.

The delegation of the Ukrainian SSR would like to conclude its statement by expressing its readiness to co-operate constructively during the current session with all interested parties in seeking mutually acceptable agreements on all the topical and urgent questions on the agenda for the fifth session of the Conference. It would like to express the hope that the Conference will succeed in adopting decisions that will effectively promote the restructuring of international economic relations on an equitable and democratic basis.

**Statement made at the 160th plenary meeting, on 15 May 1979, by Mr. Alexei N. Manzhulov,  
Deputy Minister for Foreign Trade of the Union of Soviet Socialist Republics**

I should like first of all to express appreciation from this rostrum to the President of the Republic of the Philippines, Mr. Ferdinand Marcos, and Minister Imelda Romualdez Marcos, for their untiring attention to our Conference and its participants.

May I also congratulate you, Mr. President, on your election to this high office and express my firm belief that your activities in this capacity will promote the achievement of meaningful results by the fifth session of the United Nations Conference on Trade and Development. Allow me also to convey our heartfelt greetings to the Government and people of the Republic of the Philippines and to express to them our deep gratitude for the excellent facilities and conditions created for the participants in the Conference.

This session of the Conference meets at the turning-point between two decades, and it is therefore useful not only to take stock of the three years which separate us from Nairobi but also to look retrospectively at the 1970s as a whole. That will enable us to comprehend the most essential features in the development of the world economy; it will also be of help in the examination both of the specific problems faced by this session

and of those that are arising in connection with the preparation that has now begun of the international development strategy for the forthcoming decade.

The 1970s have been a period of serious tests for world trade and development. Indeed, the economic crisis that swept the industrialized centres of capitalism and then spilled over to its periphery has considerably complicated and, in some areas, has substantially undermined the development of inter-State economic ties. It has led to a serious aggravation of the situation of the working masses in the entire capitalist world; particular damage has been caused to the peoples of the developing countries. The crisis has once again underscored the inability of capitalism to resolve the problems of mankind, the emptiness of the assertions that that socio-economic system can develop free from crises.

Our assessment of the current world economic situation is reflected in document TD/249 which has been submitted to the fifth session of the Conference by the delegations of a number of socialist countries. We share the concern of the majority of Conference participants about the unfavourable and even dangerous trends

which have become apparent in the world economy, particularly in world trade, in the 1970s. However, it would be wrong to consider that the results of the outgoing decade amount to this alone; it is of the greatest significance that much has been done, in the period under review, in the interests of peace and progress and of the strengthening of the foundations of peaceful co-operation.

The peace-loving forces have succeeded in defending and consolidating the process of relaxation of international tension as a leading trend in present-day international relations, despite the attempts by the opponents of *détente* to obstruct the realization of the principles of peaceful coexistence and to cast the world back into the era of the cold war. As the General Secretary of the Central Committee of the Communist Party of the Soviet Union, Leonid Ilyich Brezhnev, President of the Presidium of the Supreme Soviet of the USSR, recently reminded us: "*Détente* implies a certain degree of trust and ability to take each other's legitimate interests into account."

There is still much to be done, of course, to make *détente* an irreversible process, to extend it to all continents, to translate it into specific forms of mutually beneficial co-operation. In this respect, the achievement of real disarmament, which is necessary if we are to maintain general and lasting peace, consolidate the security of the peoples of the world, free material resources for use for peaceful purposes and, in particular, for increasing assistance to the developing countries, remains a task of paramount importance.

The strengthening of *détente* is a condition *sine qua non* for the solution of urgent problems of trade and development. In turn, the expansion of mutually beneficial, equitable co-operation between all States in trade and in the economic, scientific and technological fields, and the restructuring of international economic relations on a just and democratic basis, also help to make *détente* irreversible.

An important result of the 1970s has been the development and deepening of the historic process of the national liberation of the peoples of Asia, Africa and Latin America, which is today going ever more closely hand in hand with profound social transformations. We have been witnesses to the consolidation of newly independent States at the international level, the enhancement of their sovereignty over their natural resources and the strengthening of their struggle against the uncontrolled activities of international monopolies. When broad masses rise to active political life, new prospects arise for a real acceleration of social and economic progress, which is of benefit to the whole of mankind.

The 1970s have seen a continuation of the steady development of the Soviet Union and the other countries members of CMEA, which celebrates its thirtieth anniversary this year. Today the 10 socialist countries of Europe, Asia and America which are members of CMEA have a population of 435 million and account for about one third of world industrial output. The economic development of these countries is free from cyclical fluctuations and thus, through their system of foreign economic relations, exerts a positive influence

on world markets and on the general economic situation. Moreover, this stabilizing influence continues to increase, due to the fact that in the socialist countries' trade and economic relations with industrialized capitalist countries and with developing countries ever wider use is being made of new modalities which give those relations a long-term and large-scale nature. In particular, long-term agreements and programmes for integrated co-operation are being concluded on an intergovernmental basis for periods of 10-15 years and sometimes even longer. These agreements concern trade, economic and scientific and technological ties, industrial co-operation and other forms of foreign economic ties. In the final analysis, such measures become an effective tool for the planned shaping of the international division of labour, including the furtherance of industrial specialization and co-operation and the establishment of mutually complementary economic structures.

At the fourth session of the Conference, the Soviet Union proposed a programme for long-term co-operation with the developing countries in trade, production and science and technology. We are gratified to note that this programme is being successfully implemented. Thus the trade turnover between the USSR and the Group of 77 countries has increased by a factor of more than 1.5 since Nairobi, a fact that is attributable to a large extent to the development of technical and economic assistance from the Soviet Union. At present, the Soviet Union has economic and technological co-operation agreements with 68 developing countries, of which 10 have become our partners since the fourth session of the Conference. Supplies of complete units of Soviet-made equipment for building the plants provided for in these agreements have risen by 65 per cent in the same period.

More than 1,000 plants and other facilities have been commissioned and some 900 projects are now under way in the Group of 77 countries, with technical and economic assistance from the USSR. The total annual production capacity of these projects amounts to 30 million tons of steel, more than 500,000 tons of aluminium, more than 5 million tons of cement, about 23 million kW of electricity, more than 65 million tons of oil, and more than 45 million tons of coal. Thanks to assistance from the Soviet Union, more than 800,000 skilled workers, specialists and highly qualified personnel have completed training in developing countries. Such economic co-operation contributes to the solution by the developing countries of the problems of industrial development, of the strengthening of the public sector in their economies and of the extension of the material basis for their social progress. All the facilities built with our assistance and the income from the plants concerned become the exclusive property of the developing countries themselves.

Our assistance to the developing countries takes various forms, determined by the most urgent requirements of our partners, for which, in cases of need, it becomes an effective means of protecting their independence from foreign encroachments.

The Soviet Union intends to continue to extend and improve its trade and economic co-operation with

developing countries on the basis of equal rights and mutual benefit, taking into account its own possibilities and the needs of the developing countries themselves.

In recent years, the Soviet Union's trade with developed capitalist countries has continued to expand: in 1978 its volume exceeded the 1975 level by 24 per cent.

However, considerable unused potential exists in our trade and economic relations both with the developing countries and with developed capitalist countries. In this respect, much depends on our partners. As far as the Soviet Union is concerned, we are paying due attention to utilizing the opportunities arising from international economic co-operation in the preparation, which is now in progress, of our next, eleventh, five-year plan, and in the establishment of the targets for 1990 for our national economy. It is only natural that a more rapid development of economic ties will be envisaged for those countries with which our trade is conducted on a long-term basis and in accordance with the principles of mutual benefit and MFN treatment.

The question of making use of the opportunities offered by UNCTAD for promoting the development of trade between countries having different social and economic systems is directly linked to this subject. Although certain steps have been taken in recent years by UNCTAD in this direction, these opportunities are far from exhausted. UNCTAD as a universal international forum can yet do a great deal more in this area. At the same time, the Soviet Union is convinced that any restriction of the sphere of activities of UNCTAD likely to prejudice the commercial and political interests of the socialist countries and, in particular, questions of East-West trade, can only diminish the role of this organization in international affairs.

The task of UNCTAD, as we see it, is to keep abreast of the most important trends of our times, to direct its activities at strengthening equal rights and justice in world affairs and to support the struggle of peoples for national and social liberation. It is against this background that we approach the problems of this session of the Conference and the concrete proposals which we have begun to consider. This is also the basis, in particular, of our assessment of the Arusha Programme of Collective Self-Reliance and Framework for Negotiations—a document that presents the position of the Group of 77. Our attitude to this document is in general positive, but in our opinion its effectiveness is seriously weakened by the fact that it fails to take due account of such present-day realities as the basic difference between the two social and economic systems, socialist and capitalist. Nor does it fully take into account their fundamentally different approach to relations with the developing countries. The document reflects a passive attitude to the increasing expansion of private capital, an attitude which is dangerous to the economic independence of the developing countries. We see nevertheless that the Arusha document contains provisions aimed at the genuine restructuring of international economic relations on a just and democratic basis, at promoting mutually beneficial international co-operation on an equal footing, and at consolidating the economic independence of the newly independent

States. Accordingly, when the future decisions of this session are discussed, the Soviet delegation will support such provisions of the Group of 77 document.

We fully support the provisions of the Arusha Declaration in which the Group of 77 states that colonialism, foreign aggression and occupation, racism, *apartheid* and all forms of foreign domination and exploitation are the major obstacles to development. In this connection, we wish to declare our full solidarity with the statement made here yesterday by the delegation of the Socialist Republic of Viet Nam regarding the foreign aggression of which that socialist developing country was recently the target.

In the negotiating groups, Soviet representatives will state our position on specific items of the agenda of the fifth session of the Conference. At this stage, I should like to touch upon some fundamental questions on which particular attention has recently been focused.

Among these, without any doubt, is the question of the new protectionism. We consider this to be an instrument of trade policy used by many developed capitalist States, directed both against the developing countries and against the socialist countries. It follows that the struggle against this new protectionism should be universal in nature.

The idea of revising the rules and principles governing international trade is to be discussed at this session. The Soviet Union is ready to participate in the preparation of appropriate recommendations if in practice such discussions lead to the elaboration of mutually acceptable recommendations aimed at eliminating from world trade and international economic relations all manifestations of discrimination, diktat and inequality. However, the review of the rules and principles governing international trade, which could be aimed at strengthening the position of the developing countries, should be carried out in the general context of the normalization of international trade. The elaboration of new norms and principles cannot be geared exclusively to the task of safeguarding the interests of one particular group of countries, since this question is a universal one.

We are firmly convinced that in the circumstances UNCTAD should strengthen its role in the solution of the most urgent trade policy problems.

This conviction of ours is also corroborated by the fact that the 1970s have seen a sharp increase in the activities of the transnational corporations, particularly in the developing countries. The transnational corporations are creating their own "new economic order" within the capitalist system. The frontiers of their economic empires transcend the frontiers of sovereign States, which are also in many cases forced to engage in economic specialization. The transnational corporations divide producers and consumers, and in this way exploit both. They transfer from the newly independent States their steadily increasing profits, the amount of which considerably exceeds their original investments, obstruct the transfer of advanced technology, stimulate the brain drain process in their own interests and interfere in the internal affairs of States.



Although the commodity production activities of the transnational corporations have been restricted to some extent in the newly independent States, those corporations try to take their revenge in the sphere of transport, processing and marketing, and to reduce to a minimum the participation and control of these States over the marketing of their commodities on world markets.

At the fifth session of the Conference, the Soviet delegation is prepared to support measures aimed at instituting effective control over the operations of the transnational corporations in order to protect the national interests of the developing countries in their relations with monopoly capital.

We should like to inform the fifth session of the Conference that arrangements are being completed in the Soviet Union for the adoption, on the basis of our new legislation on international treaties, of the Code of Conduct for Liner Conferences.

We shall work towards the rapid completion of work on the elaboration of the code of conduct on the transfer of technology as a universal document aimed at excluding discrimination and restrictive practices.

We shall contribute to the elaboration of measures for the control of restrictive business practices which would have international coverage and be based on effective control at the national level.

We shall assist developing countries in exercising their legal right to claim compensation for losses due to the brain drain as one of the forms of neo-colonialist exploitation.

We also support the justified demands of the developing countries aimed at increasing their role in operations concerned with commodities produced by them through a corresponding curtailment of the role of international monopolies.

In questions of shipping, the Soviet Union is resolutely in favour of the limitation and eventual elimination of open registration, which is used by international monopolies to manipulate prices and freight.

Considerable attention is being given at our session to a series of problems that are called "restructuring" or "structural changes". In point of fact, it is well known that the existing system of international division of labour and the mechanism of the economic links based on it in no way reflect the realities of the contemporary world. In the context of the capitalist economy, they have become a brake on economic decolonization and a barrier to the independent development of the countries of Asia, Africa and Latin America. In relations between the two social and economic systems, the existing mechanisms of economic links fail conspicuously to take due account of the interests of the socialist countries.

In general, the Soviet Union takes a positive view of the idea of structural changes. We have acquired our own experience and adopted our own attitude on this matter. Immediately after the establishment of the Soviet power we embarked upon the thorough reorganization of the economy inherited from tsarist Russia, in the interests of equality and the development of all the nations comprising our country. This task has

now been successfully completed. The Soviet Union has been participating actively in CMEA activities aimed at developing socialist economic integration, thus producing major structural adjustments in the economies of the countries members of this organization. These changes, carried out in the interests of each country and of the socialist community as a whole, provide, among other things, for the gradual equalization of the levels of development of the CMEA member countries and the further development of the socialist international division of labour on the basis of the rapid industrialization of formerly backward countries and regions. This is being achieved on the basis of mutually co-ordinated plans, including long-term target-oriented programmes of co-operation, specialization and co-operation, and scientific and technical co-operation. We are willing to share this experience in the course of further UNCTAD work on "structural adjustments".

Our experience shows that any major structural reorganization is possible only when corresponding internal transformations have been carried out, only in a climate of mutual trust among countries and peoples, and when the State plays an active role in the national economy. In other words, the practical realization of the idea of "structural adjustments" implies, *inter alia*, democratic reforms in the developing countries themselves, and the strengthening and materialization of *détente*. Lastly, it is important that only sovereign States should, in their own national interests, carry out such restructuring, for otherwise the process of structural adjustments could easily fall under the control of transnational corporations.

The Arusha document of the Group of 77 pays great attention to the concept of collective self-reliance. We view this concept with understanding, regarding it above all as a means for the economic decolonization of the newly independent countries. At the same time, the Soviet Union considers that the measures planned by developing countries to develop economic co-operation among themselves are their own sovereign right. As regards the participation of UNCTAD in these measures, it should be confined to areas of its competence and should not prejudice the solution of other trade and economic problems.

There are still other urgent problems, such as the implementation of the Integrated Programme for Commodities, which require new initiatives. We are ready to support measures to accelerate the implementation of the Integrated Programme, including those connected with the development of national raw materials processing industries of newly independent States.

Developments in the monetary sphere of the world capitalist economy make it imperative for UNCTAD to consider these problems in greater depth and systematically. Our assessment of the monetary reform, which we presented during the fourth session of the Conference, has been justified. New methods designed to control the functioning of the capitalist monetary system, such as the "demonetization" of gold, increasing the role of SDRs, introduction of floating exchange rates, all fail to provide a stable and reliable international monetary mechanism. In addition, the economic and monetary upheavals that have occurred in recent

years have affected the developing countries in a particularly painful way.

It would be appropriate to note here, in connection with the discussion of the question of the least developed countries, that the Soviet Union has significantly expanded its economic and trade co-operation with these countries in recent years. We have developed close and friendly relations based on multifaceted co-operation with a number of them, including Laos, Afghanistan, Ethiopia, Democratic Yemen, Guinea, Guinea-Bissau and others. The Soviet Union's attitude to the difficult situation in which the least developed countries find themselves is that of understanding; we are convinced that it is necessary to create for them more favourable conditions in the system of world economic relations than the conditions normally accorded to other developing countries. The Soviet Union will continue, to the best of its ability, to provide long-term economic and technical assistance to the least developed countries on favourable conditions.

We also express our understanding of the real difficulties faced by the land-locked and island developing countries. We are prepared to continue to co-operate with them on a bilateral and multilateral basis in the solution of such important problems as development of infrastructure, planning of the national economy, training of skilled personnel, and preparation of development programmes with a view to the rational utilization of human and natural resources.

At this session, the USSR delegation intends to participate, as it has in the past, in an active and constructive way in discussions of the problems of trade between countries having different social and economic systems. We believe that any decisions on this question that may be adopted by the Conference at its fifth session should cover the problems of all trade flows. We cannot agree to a different approach. It would be more in accordance with the spirit of a business-like discussion if, from the very outset, this discussion excluded questions which, for reasons of principle, are unacceptable to the socialist

countries. It would be incorrect to try to apply to the socialist countries the same criteria that are applied to the capitalist countries, without taking into account the fundamental differences in their social and economic systems. Attempts to extend to the USSR and other CMEA member countries the commitments relating to the transfer of material resources to developing countries in fixed volumes are completely unjustified.

On the basis of these positions of principle, we are prepared to consider the suggestions that will be made by our partners at this fifth session of the Conference with a view to promoting the development of economic and trade relations between countries having different social and economic systems.

International organizations and the multilateral approach are playing a steadily increasing role in the solution of the most urgent problems of the world economy. A special place is occupied by UNCTAD which, by virtue of its membership and the number of questions it considers, is the most universal trade and economic organization. The message from the Chairman of the Council of Ministers of the USSR, Comrade A. N. Kosygin, which I had the pleasure of reading out earlier, gives a high evaluation of the work of UNCTAD and expresses our belief in its potential. Indeed, it has done a great deal during the 15 years of its existence, but much still remains to be done. At present we face, with the same if not a greater sense of urgency, the task of further improving the work of the organization, and increasing its effectiveness by implementing, in particular, a number of institutional arrangements in this direction. These arrangements should be aimed at ensuring a qualitatively better performance of the basic functions and goals of UNCTAD as defined in General Assembly resolution 1995 (XIX) and reaffirmed in Conference resolution 90 (IV).

On this basis, the USSR delegation firmly intends to work actively and constructively to contribute to the successful outcome of this session of the Conference.

**Statement made at the 152nd plenary meeting, on 10 May 1979, by Sheikh Fahim Sultan Al Qasimi, Ambassador, Permanent Representative of the United Arab Emirates to the United Nations Office at Geneva**

Mr. President, first of all, please allow me to join previous speakers in offering you our sincere congratulations on your election to the presidency of this Conference and our best wishes for success in your task.

On behalf of the delegation of the United Arab Emirates, I hope that you will convey our sincere gratitude and deep appreciation to the Government and people of the Philippines for the warm welcome, generous hospitality and excellent arrangements with which we have been received in Manila. This is not surprising, since the Philippines and its people are well known for their open-handed generosity not only to neighbouring Asian countries and peoples but also to many developing countries and their peoples.

As a newcomer, the United Arab Emirates lacks experience of international forums and international

organizations. Nevertheless, in its natural capacity as one of the developing countries with all the development problems which that implies, it has found itself actively engaged, side by side with UNCTAD, in the attempt to face up to those problems at the national and regional levels and to make a positive contribution towards their solution at the international level. Our eagerness to discuss development issues affecting the peoples of the third world and our contribution towards the solution of those problems are therefore natural, sincere, genuine and interrelated, being governed by similar conditions and mutual desires with regard to the furtherance of common aims and joint interests.

The fifth session of the United Nations Conference on Trade and Development is being held at a time when the world is facing numerous complicated international

problems. Despite indications of a relative reduction of tension and the achievement of a tangible degree of *rapprochement* with regard to political problems and international understanding, there is still a wide gap to be bridged between the developed and the developing countries in the field of trade and development. The clearest indication of the complex and intricate nature of those issues can be seen in the interrelationship and interdependence between problems relating to trade, money and finance, the interplay of which impedes progress and obstructs development. There is therefore an urgent need for a serious discussion and an early study of that phenomenon with a view to finding appropriate solutions to those problems within an integrated framework and through a unified approach. The interdependence of problems relating to trade, money and finance has repercussions on the basic pillars and components of the sectors of trade and finance for development. For example, in the field of international trade, particularly in the case of the revenue accruing from the export commodities of developing countries, which plays a major role in financing and accelerating development, the developing countries have gained little within the prevailing systems and principles governing international trade. However, with the agreement on the establishment of the Common Fund within the framework of the Integrated Programme for Commodities, a breakthrough has been made which we hope will lead to the achievement of a substantial degree of stability in the commodity and raw material markets. At the session in Nairobi we supported the idea of the Common Fund and agreed to contribute to it through the OPEC Special Fund. There remains the question of the protectionist policies to which many of the developed countries have recently been resorting and which have had highly detrimental effects on the economies of the developing countries. If it is impossible to refrain from resorting to such policies, their application must be controlled and restricted with a view to helping to increase and diversify the exports of developing countries. The diversification of exports and the removal of market barriers are matters of prime concern to us in the United Arab Emirates since we produce and rely on a single commodity, petroleum, which is a depletable raw material. Until there is a change in the structure and basic components of our economy and of the economies of other developing countries, the issues of diversification, industrialization and their requirements come first in our list of priorities. The target figure of 30 per cent laid down as the developing countries' share of the total volume of international trade in manufactured and semi-manufactured goods will not be difficult to achieve provided that technological assistance is given by the developed countries to the developing countries, that markets are opened to the latter's manufactured goods and that the necessary financing is made available for the manufacture of such goods.

On the subject of finance and technology, allow me to explain that the United Arab Emirates, in spite of its internal and external commitments to friendly developing countries and in spite of the fact that petroleum, its only product and export, is exposed to cartels, combined fronts and a continual decline in the real value of its

export earnings owing to fluctuations in currency exchange rates, has responded favourably to many requests for funds by developing countries and by international and regional organizations through which aid is channelled to the developing countries. Consequently, the target figure of 0.7 per cent of the GNP which has been set by the United Nations on more than one occasion, and for which the developing countries are now calling as ODA contributions from the developed countries by way of real transfers of capital to the developing countries, is in our view a modest and reasonable request given the vast resources available to the developed countries. We in the United Arab Emirates have exceeded that target 30 times over, since aid provided by us amounted to more than 20 per cent of our GNP in 1978/79. Most of that aid took the form of grants and long-term loans on easy terms at symbolic interest rates, particularly to the poorest, most disadvantaged, island and land-locked countries.

The proposed harmonious system of international financial co-operation cannot be achieved unless the good intentions are given practical expression through a manifestation of the will to carry them out, so that the requisite structural changes can be made in the field of financial co-operation and in the entire range of credit facilities.

Therefore, our support for the Arusha Programme submitted by the Group of 77, calling upon the developed countries both to increase and to change the nature and conditions of their assistance, stems from our conviction of the need to devise a new and appropriate formula for international economic relations. The essence of that formula must be to bridge the gap between those who have and can afford to give and those who have not, on the basis of respect for human dignity and support for mankind's right to a decent standard of living, so that we can free ourselves from the fetters of past relationships and concepts and look forward to a promising and hopeful future.

So much for finance. As for its twin, technology, to us it represents water, if oil is to be considered as air. It is essential for our industrialization, particularly in the sector of petrochemicals, in which we can produce the fertilizers and insecticides that constitute major inputs in agriculture in many developing countries. We have supported all the efforts made by UNCTAD and the Group of 77 to formulate a code of conduct on the transfer and adaptation of technology and we are still ready to participate in any measures designed to strengthen technological co-operation among developing countries. At the same time, however, we note with regret that some of the industrial countries that are monopolizing technology are being obstructive in their efforts to prevent the conclusion of a satisfactory agreement concerning a code of conduct on the transfer of technology. We are also increasingly concerned at indications of the reverse transfer of technology, which is causing serious losses of financial and human resources in the developing countries.

The concept of ECDC, as put forward by the Conference at its fourth session, is gaining momentum and is now in the early stages of implementation. The plans outlined in the Arusha Programme for ECDC are

therefore receiving our full support, since they embody the idea of interdependence in trade relations within the context of a global programme of preferences among developing countries, together with the achievement of a degree of integration and collective self-reliance. We have been giving without taking and assisting for the sake of assistance, while our country, being about to enter the phase of industrialization, is in need of the transfer and development of oil technology. There is no doubt that the technical machinery needed to supervise the programme of ECDC is a vitally important issue. We trust that the Committee of 21 will be successful in establishing sound principles and a proper framework for that machinery. With regard to shipping, the developing countries are hoping to develop their national fleets and shipping industries, in which the traditional carriers still hold a monopoly. The lack of equitable participation in shipping, particularly the transport of the trade of developing countries in their national vessels, is highly detrimental to the balance of payments of developing countries.

We hope that this Conference will take the necessary steps to remove the numerous barriers preventing the developing countries from developing their national merchant marines, to emphasize their right to transport

bulk cargoes in their own national vessels, and gradually to abolish flags of convenience. The developing countries are also hoping for more technical assistance to develop their seaports and other sectors related to the shipping industry.

Finally, there is an important element and basic prerequisite that must be satisfied if we are to establish the new international economic order. This is international political stability, which is still lacking in our Arab region as a result of the iniquitous Zionist occupation of our territories and the displacement of the vast majority of our peoples in Palestine, Lebanon and Syria. The consecration of that occupation through bilateral capitulatory agreements such as the Camp David accords will not help the peace-loving peoples in their pursuit of the main objective of the new international economic order, namely, prosperity and progress not only for themselves but for the whole world.

In conclusion, I should like to thank the Secretary-General and staff of UNCTAD for the excellent manner in which they have prepared the Conference and for the valuable ideas and points in the Secretary-General's statement, which provides us with guidelines for our coming discussions.

**Statement made at the 150th plenary meeting, on 9 May 1979, by Mr. W. M. Knighton, leader of the delegation of the United Kingdom of Great Britain and Northern Ireland**

It is a mark of the importance of South-East Asia that this fifth session of the United Nations Conference on Trade and Development, the second to be held in Asia, is taking place in Manila. The building of the ASEAN community in this region is a prime example of that growing economic co-operation between developing countries which is one of the principal topics on our agenda. I hope and believe that the same spirit of constructive international co-operation will characterize our work at this Conference, the prime objective of which is to promote the process of development.

It is with great pleasure that I associate my delegation with others in expressing our warmest thanks to the Philippine Government for their generous hospitality to us, and in particular to the President of the Republic of the Philippines and to Mrs. Imelda Marcos, for the welcome and friendship which we have received in Manila.

As you know, a new government took office in the United Kingdom less than a week ago. British Ministers are addressing the major issues of this Conference as an immediate priority. But you will understand that, in the circumstances, it has not been possible for the ministerial leader of my delegation, Mr. John Nott, the Minister for Trade, to be present at this plenary meeting today.

Mr. René Monory, speaking on behalf of EEC, has already reviewed the course of international negotiations since the fourth session of the Conference. As he pointed out, the world as a whole throughout this period has faced the two major problems of inflation

and recession, which inevitably have constrained the pace of development of the global economy. To reduce inflation and to increase growth remains a first priority for all Governments, developed and developing alike. But despite the difficulties of the last three years, there has been a continuing process of change and adjustment—indeed, of structural change—in patterns of trade and production, and in the response of international economic institutions to new challenges. And some real successes have been achieved in continuing negotiations within the framework of UNCTAD. I would recall in particular the progress made in two areas which were central to our discussions at the fourth session of the Conference: debt and commodities. The action taken at last year's ministerial meeting of the Trade and Development Board will be of lasting and substantial benefit to the poorer developing countries in respect of "retrospective terms adjustment"; the Board also achieved an important advance by endorsing four concepts concerning future arrangements for dealing with the debt problems of developing countries. And the consensus on the fundamental elements of the Common Fund—to which the earlier meeting of Commonwealth Ministers had contributed—marks a substantial step forward in the implementation of the Integrated Programme for Commodities adopted at the fourth session of the Conference.

I will not comment now in any detail on the substance of our agenda for the next four weeks, which covers every major issue of trade and development. But perhaps I could briefly make three general points.

First, we must all recognize the reality of the concern expressed by earlier speakers about the growth of protectionist pressures during the current recession. We should equally recognize that, despite these pressures, and despite the trade restrictions which have been necessary in some specially sensitive sectors, the world trading system in the 1970s has successfully accommodated an increase in the developing countries' collective share of world trade in manufactures, and that the agreement recently reached in the multilateral trade negotiations reflects the determination of Governments to maintain and improve the open world trading system.

Secondly, in the field of international monetary and other financial arrangements, there has been a process of continuous evolution, adaptation and innovation to meet the varying and increasing problems and requirements of countries, both developing and developed, for the financing of trade and for economic growth.

Finally, this Conference will be reviewing the role and activities of UNCTAD in the years immediately ahead.

In this, we all share an interest in reaching agreement about priorities. We shall also need to consider proposals for future work in the context of the wider institutional arrangements for international economic co-operation. Of course, institutional proposals cannot in themselves resolve the problems of substance, and in the last analysis it is on substance, not procedure, that we must concentrate.

Since the first session of the Conference in 1964 we have the advantage of 15 years' experience of negotiations on matters of economic substance in the UNCTAD framework. We all know that new commitments by Governments, where they are possible in such negotiations, take time and effort to achieve. This is inevitable, given the importance and complexity of the issues and given that what we are all seeking is the reconciliation of a range of national interests on a world-wide basis. This Conference can, I believe, make a major contribution to this process by achieving consensus on how the ideas and problems identified here can most effectively be followed up.

**Statement made at the 164th plenary meeting, on 17 May 1979, by Mr. Youssoufa Daouda,  
Minister of Economic Affairs and Planning of the United Republic of Cameroon**

Certain privileged places, like certain men, are clearly destined to have their names closely linked with the history of mankind, always in quest of justice, improved conditions for everyone and the peace which has the new name of development, to quote the phrase of the late lamented Pope Paul VI.

In these concluding years of the twentieth century when, more than ever, the extraordinary speeding up of technological progress and the masterly conquest of space contrast strangely with the uncertainty and fumbling which characterize the management of the world economy, Manila, which in the past few days has become the host of the fifth session of the United Nations Conference on Trade and Development, has become once more the meeting-point of mankind, reconciled with itself and determined to translate into facts the noble ideals pursued in the context of the establishment of a new international economic order.

The importance of the event measures up to our hopes.

For this reason I should like, first of all, on behalf of the delegation I have the honour of leading, to associate myself with the speakers who have preceded me on this platform in congratulating General Carlos Romulo, Minister for Foreign Affairs of the Philippines, on his well-deserved election to preside over the work of our Conference. His great skill, his efficiency and his considerable experience augur well for the smooth progress of our work and the success of this Conference.

May I also be allowed to discharge a pleasant duty by paying a resounding tribute to the people of the Philippines in general and to the city of Manila in particular for the most warm and friendly welcome we have re-

ceived here and for the impressive accommodation and work facilities placed at our disposal.

My delegation wishes to express special thanks to President Ferdinand Marcos for the important message he addressed to our Conference. The message, one of outstanding wisdom, will be a constant source of inspiration in our discussions and an important contribution to the success of our meeting.

Since this Conference opened, frequent reference has been made to interdependence, solidarity, the need to restructure the world economy and the elimination of protectionism.

All these ideas, which are not new, have recurred constantly at all the international economic meetings held since the first session of the Conference 15 years ago.

In particular, the sixth special session of the United Nations General Assembly, which laid down the principle of the establishment of a new international economic order, the fourth session of the Conference, at Nairobi, whose main working document was the Declaration and Programme of Action drawn up here in Manila, and the North-South Conference on international economic co-operation held in Paris, clearly reaffirmed the aspirations of the international community and formulated the guidelines to be followed in order to realize them.

Nearly five years after the sixth special session of the General Assembly and three years after the fourth session of the Conference, it may be wondered what has been done to progress beyond the stage of declarations of intent and to construct an international economy that truly meets the legitimate aspirations of mankind as a whole.

Is there not in this repeated discussion of the same subjects an acknowledgement of the plain fact that the same causes clearly continue to produce the same effects?

In any event, the recent predictable development in the international economic situation provides us with all too little cause for satisfaction.

To quote only a few examples in connection with the organization of commodity trade, the region which I represent, and the United Republic of Cameroon in particular, are witnessing helplessly the constant erosion of the purchasing power of their export earnings. The deterioration of the terms of trade, which is the main reason for this erosion, stems, today as yesterday, from the same phenomenon, namely, the constant decline in the prices of raw materials coupled with a steady increase in the prices of manufactures. The feeling of frustration resulting from this situation has recently been heightened still further by the delay in negotiating or merely extending certain intergovernmental commodity agreements, such as the International Cocoa Agreement, 1975.

Where an agreement exists, as in the textile or coffee trade, the use of restrictive practices under the pretext of protecting local industry or striving to eliminate balance-of-payments deficits nullifies the contents of the provisions of such agreements guaranteeing access to international markets.

In this context, are the concepts of just and equitable prices condemned to remain ideas with no practical bearing? Conversely, are not inward-looking policies and the maintenance in international agreements of the so-called safeguard clause, the principle of which was upheld yet again, against the will of the developing countries, at the conclusion of the Tokyo Round, manifestations of the same logic that tends to maintain and indeed to accentuate imbalances in international trade?

In the monetary area, the disruption of the international payments machinery resulting from the collapse of the Bretton Woods system continues to generate inflation and to erode the foreign currency reserves of developing countries at the very time when such countries need them most in order to pursue their capital investment efforts. Furthermore, the wish to have a link between SDRs and development assistance expressed by these countries when IMF was reorganized in 1976 has been watered down by the most complicated machinery and procedures.

In the field of development finance, the inadequacy of ODA, which is currently estimated at about 0.39 per cent of GNP, makes it more and more necessary to resort to financing from private bodies, whose increasingly onerous terms only aggravate the indebtedness of the third world countries.

With regard to shipping, the Code of Conduct for Liner Conferences was drawn up four years ago. Its entry into force is still being held up by the slowness of the ratification procedures. And what about the problem of bulk carriage or that of the progressive elimination of open registries, on which subject the world shipping conference recently held at Bath, United Kingdom,

revealed profound differences of opinion within the international community?

I have rapidly reviewed some aspects of the issues on our agenda which, because of their impact on the development of our countries, deserve our particular attention. There are other problems of no less importance.

There is as yet no set of codified rules governing the formulation, adoption and application of special measures on behalf of the poorest countries with regard to international trade and shipping and to terms of assistance; the effective adherence of certain groups of countries to rules of conduct that would lead to the establishment of a new and more just international economic order remains unconfirmed; the framework for intensive and fruitful co-operation between countries having different economic and social systems has not yet been clearly marked out.

I must of course recognize that appreciable progress has been made in several areas. I shall confine myself to mentioning the consensus that finally emerged on the establishment of a Common Fund and on the minimum contribution to be required of every country to meet the expenses of the Fund; the fact that certain developed countries have shown themselves more favourably disposed towards the Code of Conduct for Liner Conferences—in particular, the countries of EEC, as can be seen from the decision taken on 8 May 1979 by the Council of Ministers of Foreign Affairs; the GSP, whose schemes are improving every year while still not totally meeting the expectations of the beneficiary countries; and the negotiations on the code of conduct on the transfer of technology which are making progress, although too slowly in our view.

All this certainly constitutes appreciable progress, but the slowness with which it comes about surely reveals the absence of a true commitment on the part of the international community to banishing from the surface of the globe the underdevelopment and poverty which debase the dignity of man.

In this connection there are certain figures that resound so eloquently that they leave none of us unmoved.

Eight hundred million people are still living in a state of absolute poverty, to use an expression of the World Bank. In other words, these masses of marginal beings are, in the last quarter of the twentieth century, without adequate food, housing, education and medical attention.

The gap between average per capita income in the rich countries and in the developing countries is growing steadily. According to the third report of the Club of Rome, published in 1976 under the title *Reshaping the International Order*, this ratio increased from 1:14 in 1960 to 1:16 in 1973 and 1:18 in 1976.

The developing countries, which account for 70 per cent of the world's population, are responsible for only about 7 per cent of world industrial production, according to UNIDO reports.

Ninety per cent of scientists live in the developed countries.



I shall not go on with the list. These are four significant facts, taken at random, that sufficiently prove the extent of the inequalities in international economic relations. These are a few figures that illustrate the ineffectiveness of the measures undertaken during the two successive United Nations Development Decades which are coming to an end.

At a time when the general debate at this Conference is drawing to a close, some may detect in my words signs of pessimism and emotionalism. But we must recognize that, in spite of the multitude of meetings organized and resolutions adopted, the results of recent years are far from measuring up to the hopes that had been aroused.

One is led to wonder whether this situation is attributable to the very nature of the problems concerned or whether it is not quite simply due to the manner of tackling them.

In the view of my delegation, it is therefore of the highest importance to remind the international community of these realities so that, with renewed awareness, it may better direct its future action.

Such action, while an exhilarating prospect, nevertheless entails wide-ranging and complex efforts. It is therefore essential to set some specific objectives to be achieved within as short a period as possible, to establish an effective strategy for achieving those objectives and to organize the means accordingly.

The objectives that should be aimed at within the framework of the establishment of a new international economic order and that should be specified afresh on the occasion of this Conference are, in the opinion of my delegation, essentially two: first, to eliminate the most glaring inequalities by adopting a set of common rules; secondly, to ensure that everyone, in the words of Louis Perillier, has the opportunity to further his development in accordance with his aspirations by his own efforts and with the assistance of the international community.

In other words, we do not regard economic co-operation as an act of philanthropy; on the contrary, we think that it is indispensable in view of the interdependence of nations, which is most strikingly illustrated at present by the general reduction in growth rates throughout the world as a result of the serious economic crisis which has now existed for almost a decade.

Furthermore, the new international economic order to which we aspire does not mean, for us, that mankind should move towards a common civilization through unilateral action on the part of the better-off nations.

To put it in more positive terms and to echo a favourite idea of Mr. Ahmadou Ahidjo, President of the United Republic of Cameroon, mankind, indissolubly linked by a common destiny, is constrained to co-operate in building up a universal civilization to which every people and every nation is called upon to contribute its own creative genius.

As for the strategy to adopt, it must necessarily vary as far as the action and the means are concerned. Among the items on the agenda of the present session of the Conference there are four which, in the view of my

delegation, are particularly deserving of the Conference's attention: commodities, monetary and financial issues, shipping, and technology, with which I should like to associate the question of co-operation among developing countries.

With regard to commodities, the delegation which I have the honour of leading welcomes the progress achieved in the negotiations for the establishment of a Common Fund. Nevertheless, stress must be laid on the concept of fair and remunerative prices capable of maintaining the purchasing power of the export earnings of producer countries in view of the continuous increase in the prices of imported manufactures.

Furthermore, the link between international commodity agreements and the Common Fund should be carefully studied so that the Fund can play its part as a market regulator while being able to provide the financing for programmes to develop and improve the commodity economies without imposing an unduly heavy burden of contributions on the producer countries. This last consideration necessarily implies that greater efforts must be made by the developed countries and the countries with balance-of-payments surpluses to make available all the resources required to cover the Fund's expenditures.

With regard to monetary and financial issues, the restructuring of the international monetary system should aim at three objectives: making available sufficient liquidity on reasonable terms to cover international payments; ensuring the stability of the international unit of account by placing it on a sound basis; directing capital flows towards the satisfaction of real needs, giving priority to those of developing countries.

As regards assistance, the target of 0.7 per cent of GNP for ODA should be not only achieved but exceeded.

On this point I should like to convey, in the name of my delegation, our appreciation and gratitude to the countries, unfortunately all too few, that have already achieved this target. I urge the other countries, irrespective of their political, economic or social systems, to make a similar effort. Attempts to pin responsibility on a particular party on account of past historical events should be abandoned, and the international community as a whole should show a spirit of solidarity and take up the twofold challenge of underdevelopment and poverty.

With regard to shipping, in addition to our wish to see the Code of Conduct for Liner Conferences enter into force as soon as possible, my delegation expresses its belief that it is essential for basic rules of conduct to be formulated with regard to the registration and establishment of fleets. Moreover, it is perfectly legitimate for developing countries to have an increasingly large share of bulk carriage. The international community should recognize their right to reserve part of the cargoes for themselves, as has been the case for liner traffic.

I would not want to conclude this statement without mentioning the problem of transfer of technology. Obviously, it is our wish that the code being negotiated should see the light of day in the near future. But it is not sufficient to be in material possession of a

technology. While creating conditions enabling technology to be transferred freely, the international community must endeavour to promote indigenous technology in third world countries which is more useful and better suited to the requirements of the countries concerned.

The second objective of transfer of technology should be to promote the industrialization of developing countries under conditions of demonstrable viability. This cuts out operations merely involving sales of industrial equipment or the construction of "turnkey" factories without preliminary study. Instead, there must be frank and sincere co-operation between the partners concerned, from the project study phase to participation in the financing and management of the operation.

The other condition for industrialization is beyond doubt guaranteed markets. This entails regional groupings adequately protected against foreign competition within which products processed locally can circulate freely. It also calls for the opening of the markets of developed countries to manufactures from the developing countries in order ultimately to achieve the target of 25 per cent of world trade in manufactures set by UNIDO.

For the purpose of carrying out this far-reaching and difficult programme, it is patently futile to think that manna will fall from heaven and that it is solely through international assistance and co-operation that the poor countries will succeed in overcoming the problems associated with poverty. Accordingly, we profoundly believe that there is no true development other than that which relies on the will and participation of every people in national efforts to advance.

But while we reaffirm this, we also believe in the virtues of international solidarity, the economic interdependence of States and the common destiny of mankind as a whole, which for that reason has the duty to take up the twofold challenge of underdevelopment and poverty. For, to quote a favourite idea of Mr. Ahmadou Ahidjo, President of the United Republic of Cameroon, beyond mere arithmetic, beyond passing selfishness and the vicissitudes of history, it is in the last analysis the dignity and the very survival of the human race that is at stake.

I am convinced that, if the international community bears constantly in mind the profound meaning of these words of wisdom during our discussions, this Conference will mark a notable step in the process of building a better world.

**Statement made at the 164th plenary meeting, on 17 May 1979, by Mr. Alphonse M. Rulegura,  
Member of Parliament and Minister of Trade of the United Republic of Tanzania**

Permit me, Mr. President, on behalf of my delegation and on my own behalf, to join the line of those who have spoken before to acknowledge the hospitality of the people of the Philippines, and particularly of Metro Manila and of your Government.

Allow me also, through you, to convey the fraternal greetings of our President, Mr. Mwalimu Julius K. Nyerere, to your President, Mr. Ferdinand E. Marcos, and to the First Lady, Mrs. Imelda R. Marcos. And may I also join the queue of the many delegates who have spoken before me to congratulate you most sincerely upon your having been elected President of this Conference. No Conference would be luckier than the present one to have as its President a person of your standing and with a wealth of experience in international economic and political affairs. Indeed, my delegation is privileged to be taking part in this Conference.

The peoples of the world have their eyes fixed upon Manila and are listening to the proceedings of this fifth session of the United Nations Conference on Trade and Development. They look to this Conference to come to grips with the problems which plague mankind today in the rich industrialized nations as well as in the developing countries. These problems include growing unemployment, high rates of inflation, uncertainty of currency values, rapidly and erratically changing trading balances, with growing fear of unmanageable deficits for all but a few nations, and loss of faith in the world's ability to create new jobs and products.

All these problems have come about as a result of the insistence of the rich industrialized countries to cling to an antiquated international economic system and financial and trade institutions which the industrialized countries of the West designed in the immediate aftermath of the Second World War to underpin and buttress the world economy in their own interests, and despite the warnings of the Lazaruses of the earth for the last 15 years. Our warnings and demands have fallen on deaf ears all these years. The industrialized countries having ears have refused to hear and listen, and having eyes have refused to see the writing on the wall warning the peoples of the world that, unless we redesign and reorder the world economy, a disaster, unheard of before, is on the way for both rich industrialized countries and poor alike. That writing on the wall is a message to all that, in a shrunken world such as ours, we are all keepers of one another. We are interdependent.

Yet this is not the first time that these words have been said. They have been spoken by many before us, but the rich industrialized countries, especially, have refused to heed them. True, they have also joined in the chorus praising the new international economic order, but without matching their rhetoric with action designed to bring about a reordered world economy. They prefer the *status quo* which, surely and glaringly, is leading the international community along a collision course between the rich and the poor.

We are rational beings. So let us act before we become engulfed by the threatening cloud of confronta-

tion. Let us start on an action programme intended to stem the tide of confrontation coming before us. That action in 1979 must surely start with the establishment of the Common Fund.

The developing countries have shown considerable flexibility in accommodating their original concept of the Fund to reflect the views of the developed countries. But many developed countries still seem not ready to play their part in the design to establish a Common Fund with adequate resources of its own, built on firm foundations, with a reasonable prospect of fulfilling the agreed objectives of the Integrated Programme for Commodities. To expect the developing countries to settle for less is to expect them to accept the shadow of substance. I therefore salute all those who have pledged contributions to the second window at this Conference as well as those who have offered to consider replenishment measures.

Secondly, the Tokyo Round should act seriously on the promise by the United States of America, EEC and Japan that special attention would be paid to the exports of developing countries and to freeing tropical products from tariff and non-tariff market access barriers. The offers to date, however, are derisory. Indeed, since the Tokyo Round promise was made, the new textile agreement and the tightening of restrictions on tropical products have cost the developing countries more than the total of generalized preferences made under earlier GATT negotiations. To seek to shift the burden of recession and unemployment of the industrialized economies to the developing countries in this way is unjust and unwise. The United States, EEC and Japan have more to gain by making their markets accessible to the developing countries' products, for the readjustment in their economies would benefit both the industrialized and the developing countries.

Thirdly, there are special measures to assist the least developed countries to participate effectively in the international economy. Measures of development in favour of these countries contained in the Second United Nations Development Decade have failed to make any appreciable positive impact on the economies of these countries. What is clearly required is a massive transfusion of resources to build up their productive and social bases and reduce supply bottlenecks inimical to the growth of their economies. Such suggested measures are before this Conference in the form of a two-phased action programme aimed at bringing these countries into the mainstream of the international economy by the end of the 1980s.

Fourthly, the schemes whereby OECD countries would organize channels for government-guaranteed lending to the developing countries, once proposed by OECD, should be launched and brought to reality. Such schemes will provide the industrialized economies the gains of exported growth and give the developing countries the chance to import needed capital goods and science and technology and knowledge for development. That could be one of the ways to end the practice of a political economy of exploitation.

I must, however, hasten to add that the four lines of action I have proposed would not be all that is required for the establishment of a new international economic

order. They are enough only as an action agenda for 1979; and indeed, if this were achieved in 1979, it would represent more than anything achieved so far since 1974. To achieve a viable and sustainable new international economic order, we need three more basic components.

1. A definite rolling-back of the rising tide of protectionism creating more trade and more jobs in new industries, rather than retreating into beggar-my-neighbour protectionism, is the way ahead. Whatever their limitations, the 1950-1970 policies of OECD and GATT, in contrast to the narrow nationalism of the late 1920s and 1930s, should have shown us all that to identify and to promote the new possibilities and to use new knowledge is, in the long run, and indeed even in the short run, better than to prop up the antiquated systems and to reject the application of new knowledge as dangerous and boding inevitably for the worse.

2. It is necessary to build up intergovernmental instruments in key areas for economic management; I do not mean a world trade corporation or a world government or even a world income tax corporation (desirable and reasonable as I believe the last to be). What I mean is bodies capable of reducing uncertainties, preventing grossly unfair practices and exerting some control over relative prices. These are the core of management of national economies, even in the most conservative of capitalist States, let alone in the socialist countries. They are not perfect but they are effective. That is the way to sanity. What should be agreed at the fifth session of the Conference is the principle, together with a set of areas for discussion aimed at agreed action proposals for the 1980s and beyond.

3. Finally, it is necessary to recreate a viable and respectable global monetary and financial system. What we have now is not a system; it is chaos, disorder, increasingly reminding many observers of the 1929 situation which led to the financial collapse that ushered in the depression of the 1930s. As Chancellor Schmidt once put it:

"Under the impact of the cumulative effects of inflation and speculative prices, this (the Bretton Woods) system finally collapsed and thus ceased to exist. Ultimately, the system broke down because it failed to provide the framework for an orderly exchange of goods and services. Bretton Woods benefited some countries more than others—particularly the strong more than the weak—and, above all, it burdened the international monetary system with the payments deficit of the super-Powers."

It is my hope that these words will be matched by action on the part of the OECD countries. I have addressed my remarks mainly to the industrialized Western countries because it is they that conceived, perceived and created the current international economic system. As Jan Pronk said, and I also believe, the new international order will be established if the OECD countries agree and demonstrate the will to co-operate with the developed countries in restructuring the world economy for the good of us all. But in this grand design we must now have all mankind participating fully

through their Governments. We therefore need the co-operation not only of the OECD countries but also of the CMEA countries as well as of the People's Republic

of China and the Group of 77 countries. As my President once said, "it can be done; play your part". That is the way to interdependence.

**Statement made at the 147th plenary meeting, on 8 May 1979,  
by Mr. Wilbert K. Chagula, United Republic of Tanzania, on behalf of the Group of 77**

First of all, on behalf of my delegation and on my own behalf, I should like to express our sincere and deep gratitude to President Ferdinand E. Marcos, the Government and the people of the Republic of the Philippines for the very warm reception and hospitality that has been accorded to us since our arrival. I am sure that the friendly and warm social environment of this great and cosmopolitan city of Manila will be conducive to a satisfactory conclusion of our meeting.

Second, I should like to congratulate you, Mr. President, on your unanimous election to that high office which you fully deserve. We have no doubt whatsoever that, under your able guidance, this fifth session of the United Nations Conference on Trade and Development will reach decisions which will meet the expectations and aspirations of the third world, in addition to creating or strengthening the necessary political will for the implementation of the new international economic order, particularly among the rich industrialized countries.

Third, and most important, on behalf of the President of the United Republic of Tanzania, Mwalimu Julius K. Nyerere, who has unavoidably been prevented from coming to Manila himself, with great humility, I am glad to be able to present to the Conference, on behalf of the Group of 77, the Arusha Programme for Collective Self-Reliance and Framework for Negotiations, which was approved by the Fourth Ministerial Meeting of the Group of 77 at Arusha last February, and for which the Government of the United Republic of Tanzania had the privilege of acting as host. I say I am presenting this document to the Conference with great humility because my President would have presented it to you in a much more effective way than I can.

Before formally presenting to the Conference the Arusha Programme for Collective Self-Reliance and Framework for Negotiations on behalf of the Group of 77, it is pertinent to dwell briefly on the historical background to the negotiations ahead of us at the Conference during the next three weeks, mainly to remind ourselves about the general framework in which we shall be considering the substantive issues on the agenda of the Conference.

It is now common knowledge that the International Development Strategy for both the First and Second United Nations Development Decades has been a failure. No positive change has so far taken place. We are still faced with a chaotic international economic system which President Mwalimu Julius K. Nyerere once described as giving the poor nations of the world only two rights: the right to sell cheap and the right to buy dear. It is a world of a few transnational corporations meeting to conspire against the wretched of the

earth. It is a world in which the rich grow richer and the poor poorer. It is a world of massive unemployment, inflation and stagnation, of the menace of the closure of access to markets of developed countries and of the international economic system of inequity. International economic relations are at present skewed in favour of the rich industrialized nations: in trade, in transport, in communications, in information and knowledge, in technology, in finance and in raw materials flows.

It is largely as a reaction to this failure that the United Nations General Assembly adopted the Declaration and the Programme of Action on the Establishment of a New International Economic Order at its sixth special session in April 1974, and the Charter of Economic Rights and Duties of States in December 1974. At its seventh special session, in September 1975, after discussing the institutional aspects of the new international economic order, the General Assembly also adopted a resolution on development and international economic co-operation. In addition, during the Second United Nations Development Decade, as an exercise in self-examination, the United Nations has sponsored sectoral or subsectoral major conferences on such themes as environment, food, population, law of the sea, human settlements, water, women in development, technical co-operation among developing countries and others. Among the last United Nations conferences during the Second United Nations Development Decade will be the United Nations Conference on Science and Technology for Development in Vienna, Austria, next August. All these activities, including the current exercise of restructuring the economic and social development organs of the United Nations, bear testimony to the fact that the United Nations itself is not satisfied with its own performance in the area of development. That, however, is just one side of the coin; let me now very briefly deal with the other side of the coin: the views of the States members of the Group of 77 on whose behalf I am speaking.

First, I fully concur with what President Marcos of the Philippines stated at the fourth session of the Conference, in Nairobi, over three years ago, namely, that in spite of warnings expressed at previous United Nations conferences, the present deficient international order had failed to bring about significant economic and social change or secure alternatives to poverty, hunger and social fragmentation and strife in most of the States members of the Group of 77, and that there was therefore an urgent need for bold programmes instead of half-hearted measures and mere words. In fact, since the fourth session of the Conference, the economic and social plight of the inhabitants of the vast majority of developing countries has not improved but has instead continued to deteriorate. Nor have any concrete

steps been taken since then by the United Nations system and the international community as a whole towards a new international economic order in accordance with the agreement already reached in the various United Nations forums which I mentioned earlier.

Second, we should ask ourselves why it has not so far been possible for the international community to move more rapidly and positively towards the implementation of a new international economic order. In our view, it is not because the necessary resources have been lacking or that the institutional machinery for it is inadequate: it is largely because most of the rich industrialized countries have not so far developed the necessary political will at the national level to make such a change possible. We do sincerely hope that during the fifth session of the Conference, or soon after, the rich industrialized countries will find it possible to develop this political will in their own interest and in the interest of the international community as a whole.

Let me now turn to the Arusha Programme for Collective Self-Reliance and Framework for Negotiations which, on behalf of the Group of 77, I should now like to present and commend to the delegates at the fifth session of the Conference, particularly those from the rich industrialized countries, including those from the socialist industrialized countries and various international and intergovernmental organizations.

Briefly, the Arusha Programme consists of three parts: "The setting" "Programme for Collective Self-Reliance" and "Framework for Negotiations".

"The setting" in the Arusha Programme is in fact a comprehensive resolution addressed to the United Nations, particularly UNCTAD, the developed countries and the developing countries, and containing operative paragraphs covering the new international economic order; the Integrated Programme for Commodities; the Common Fund; multilateral trade negotiations; an international code of conduct on the transfer of technology; the technological capacity of developing countries; money and finance; the deteriorating terms of trade of developing countries; protectionism; the transfer of resources from developed to developing countries; manufactures of developing countries; the interdependence of nations; the close interrelationship of issues in the fields of trade, money, finance and development; the International Development Strategy for the Third United Nations Development Decade; the least developed, land-locked, island and most seriously affected developing countries; *apartheid*; collective self-reliance among developing countries; economic and technical co-operation among developing countries; and UNCTAD as the principal instrument of the General Assembly for economic negotiations on trade and development matters.

Since all participants will be able to read for themselves the details concerning each of both the preambular and operative paragraphs in that comprehensive Arusha resolution, I shall highlight only three aspects of it which we would like to be noted for further serious and speedy consideration, particularly by the developed industrialized countries and by the United Nations system:

(a) The developed countries need to undertake a restructuring of their economies which would enable them to adjust speedily and smoothly to the shifting patterns of comparative advantage in the international division of labour, and at the same time should seek to initiate more basic reorientations in their patterns of consumption growth and development to create conditions for a more rational and more equitable use of the earth's resources;

(b) That developing countries perceive the structural changes in the international economic system as being significant and essential for creating the external environment conducive to carrying out the socio-economic and institutional transformation within their societies which will rapidly modernize and expand their production system, increase their technological capability, promote their self-reliance, eliminate mass poverty and establish an equitable social order;

(c) As a key element of the reform of the institutional framework of international economic relations, developing countries should have an equitable share in global decision-making and management of the world economy, and for this purpose they need to participate more effectively in the management of the international economy to ensure not only that policies in the field of trade, money and finance are mutually consistent and are supportive of development, but also that they promote the movement towards long-term restructuring.

The "Programme for Collective Self-Reliance", as agreed upon by the Fourth Ministerial Meeting of the Group of 77 at Arusha, is a package consisting of a resolution and recommendations again addressed to the United Nations system, the developing countries, and the rich industrialized countries. The package covers, *inter alia*, such areas as ECDC; a global system of trade preferences among developing countries; co-operation among State-trading organizations of developing countries; establishment of multinational marketing enterprises in developing countries; strengthening of subregional, regional and interregional economic integration and co-operation; co-operation in the transfer and development of technology; least developed countries; land-locked and island developing countries; subregional, regional and interregional insurance and reinsurance schemes among developing countries; monetary and financial co-operation; multinational production enterprises among developing countries; support measures, including the role of the UNCTAD Committee on Economic Co-operation among Developing Countries; institutional matters relating to the organization and administration of economic co-operation among developing countries; and technical co-operation among developing countries.

At first sight it might appear that collective self-reliance should be the concern of only the developing countries. This is not true. For, as has already been stated by many personalities in various recent international forums, including the United Nations Secretary-General at the fourth session of the Conference in Nairobi, first, national self-reliance mainly emphasizes the development of a capacity for autonomous decision-making in the management of resources, in the choice of development strategies and in the acquisition of technology for development. Thus national self-reliance

does not imply autarchy or national isolation; on the contrary, it simply means that international assistance to developing nations which have chosen a self-reliant development strategy should be provided to them in ways which would not undermine their national efforts and priorities. Second, collective self-reliance is simply a natural extension of the concept of national self-reliance as an expression of solidarity and co-operation among developing countries in the areas I enumerated a while ago. Collective self-reliance is, as it were, a type of self-help among developing countries in their national and collective development. Collective self-reliance in the States members of the Group of 77 should thus command the support of the rich and industrialized countries, since it would enhance the overall capability of developing countries to produce more, thereby facilitating their co-operation and dialogue with the industrialized countries. Collective self-reliance among developing countries should therefore be construed as being a desirable type of regional and interregional co-operation preparing the way for genuine global interdependence based on the new international economic order.

It follows, therefore, that it is the bounden duty of the United Nations system, as well as of the industrialized countries, to contribute to the best of their ability to the institutional framework required for the practical implementation of collective self-reliance. Practically all the recommendations of the Fourth Ministerial Meeting of the Group of 77 which are addressed to the United Nations system and to the industrialized countries in this section of the Arusha Programme have this as their main objective. In this connection, I should like in particular to commend very strongly to the fifth session of the Conference the support measures recommended in section L, and the institutional measures recommended in section M, of the Arusha Programme. Finally, on behalf of the States members of the Group of 77, I again very strongly commend to the Conference the recommendations on technical co-operation among developing countries as contained in paragraph 26 of the Arusha Programme. For, without the attainment of technological capabilities by developing countries, partly through collective self-reliance, the international code of conduct on transfer of technology, which is now being negotiated, would be operating *in vacuo*, and therefore would be very much less effective than was originally envisaged.

The "Framework for Negotiations" is the third and last part of the Arusha Programme, containing a record of the recommendations of the Fourth Ministerial Meeting of the Group of 77 at Arusha. Apart from permitting myself a few general observations, my presentation of this part of the Arusha Programme to the Conference will be very brief. For, with the exception of agenda item 8 ("Evaluation of the world trade and economic situation and consideration of issues, policies and appropriate measures to facilitate structural changes in the international economy, taking into account the interrelationships of problems in the areas of trade, development, money and finance with a view to attaining the establishment of a new international economic order and bearing in mind the further evolution that may be needed in the rules and principles

governing international economic relations and the necessary contribution of UNCTAD to a New International Development Strategy for the Third United Nations Development Decade") and item 14 ("Shipping"), the substantive agenda items which will be the subjects for negotiations at the fifth session of the Conference, in Manila, are essentially the same as those we had at the fourth session, at Nairobi, in May 1976.

One could therefore be tempted to say that the negotiations during the fifth session will be mainly a continuation of those at the fourth session, with the exception of the negotiations on shipping. To say this, however, would be a misrepresentation of the situation because, since Nairobi, the States members of the Group of 77 have been expecting the speedy implementation of at least some of the recommendations agreed upon at the fourth session of the Conference. Instead, they have had to face protracted negotiations, notably those on the Common Fund and the international code of conduct on the transfer of technology, during which most of the rich industrialized countries have shown very little political will. In addition, since the fourth session of the Conference, protectionism against the manufactures and semi-manufactures of developing countries has increased, in addition to the worsening of the balance-of-payments situation of developing countries, particularly that of the least developed, landlocked and island developing countries.

On the question of the multilateral trade negotiations which recently ended in Geneva, developing countries are very much disappointed in that, first, during the negotiations, industrialized countries ignored the interests of developing countries, which thus played a very peripheral role in the negotiations. Second, and most important, in the course of the multilateral trade negotiations the developed industrialized countries appear to have conveniently forgotten the agreement that was reached under the Tokyo Round to accord some preferential treatment to the developing countries, particularly the least developed countries.

It is against this sombre background that I commend to the fifth session of the Conference the Framework for Negotiations part of the Arusha Programme on behalf of the Group of 77, in the hope that this time the international community will not only reach agreement on the major issues militating against progress towards a new international economic order but also move on towards actual implementation of what will have been agreed upon at this session of the Conference.

In conclusion, I should like to remind participants in this fifth session of the Conference that most of the various international forums in the North-South dialogue, including the now famous Conference on International Economic Co-operation, which dragged on for over a year immediately after the seventh special session of the General Assembly, have not yielded any significant results. Thus, five years after the General Assembly approved in principle the restructuring of the world economy, the new international economic order remains a pious hope and a mirage for the third world. It is thus the hope of the States members of the Group of 77 that, during the fifth session of the Conference,



the international community will seize this last opportunity provided by this session to provide a practical and meaningful input into the International Development Strategy for the Third United Nations Development Decade. It is in this spirit and with this hope that the

Group of 77 has taken pains to prepare the Arusha Programme for Collective Self-Reliance and Framework for Negotiations for consideration by the international community at the fifth session of the Conference, in Manila.

**Statement made at the 156th plenary meeting, on 11 May 1979,  
by Mr. Andrew Young, Permanent Representative of the United States of America  
to the United Nations Organization at New York**

Mr. President, let me first congratulate you warmly on your election. This Conference has indeed found a leader to match its importance. It is also a pleasure to thank the people and Government of the Philippines for the warmth of their hospitality and the efficiency of their arrangements for this Conference.

When I knew that I would be attending this Conference, I thought of the considerable progress made since the sixth special session of the United Nations General Assembly. That meeting ended in division, but it also gave a deeper awareness of the urgent problems which demand attention and action. At the seventh special session, developed and developing countries were able to discuss these issues more constructively and with more amity. An ambitious programme of work was subsequently adopted at the fourth session of the United Nations Conference on Trade and Development. Since then, as in any prolonged interchange in which the parties are learning about each other's problems and concerns, there have been peaks and valleys. None the less, important progress has been made. The agreement on most of the basic elements of a common fund is the most recent example.

The fifth session of the Conference is the first in a series of conferences and meetings on development and the international economy. Others will deal with world health, agrarian reform, science and technology, and renewable sources of energy. The special session of the General Assembly in 1980 will review the progress that has been made and launch the Third United Nations Development Decade. The fifth session of the Conference is the keynote for these meetings. It will set the tone for our relations in the coming decade.

These relations have entered a new, more pragmatic phase. Developed and developing countries have become more aware of constraints as well as needs. We can see more clearly how much we depend on one another: that growth in one sector of the world economy may promote growth in others, and that the reverse may also be true. In the Arusha Programme, for example, the developing countries recognized the need to promote genuine mutuality of interests in the structural changes which they believe are needed in the international economic system. They expressed concern not only about persistent poverty in their own countries, but also about the payments imbalances and continuing high levels of unemployment and inflation in the developed world.

We have also come to understand our diversity. Just as we are many societies and cultures, so are we many

and different economies. We are also aware that a more prosperous and equitable international economic order is not within the power of any one country, or of any group of countries, simply to confer. We were impressed by the commitment of the developing countries at Arusha to find effective and meaningful solutions to their acute social and economic problems.

Finally, there is near-unanimity in the international community that the goal and purpose of development and prosperity is a life for each person worthy of our common humanity. Without that, the fulfilment of human rights, which we all agree must have an economic as well as a political dimension, cannot be finally realized.

We now need to build upon the greater understanding we have achieved, to give our discussions and decisions new force and direction. We can diminish the mistrust and alleviate the frustration that plague our conferences. We can devote less energy to rhetoric and more to a genuine effort to identify measures with practical effect. We can try to avoid resolutions that disguise differences instead of resolving them, and we can make real progress.

To do so will require realism and commitment on all sides. The developed countries are increasingly aware that their economic well-being depends on the prosperity of the world economy as a whole; to this end, they will continue their commitment to increase their transfers of resources to the poorer nations and to maintain open markets that provide increasing opportunities for the exports of developing countries. The developing countries will have to make a continuing commitment to use the external resources they received effectively in connection with their own development plans, to achieve improved living conditions for their people, and to assume responsibility in the world economy consistent with their stages of development. Development is a shared responsibility. All countries will respond more readily to calls for joint action than to unilateral demands.

The developed countries must also commit themselves to domestic policies that promote stable growth without inflation, while continuing to increase the flow of financial resources to the less affluent countries. Their domestic economic situations cannot be an excuse for neglect. Rather, they must see world-wide development as a possible answer to inflation and recession. The developing countries, for their part, must commit themselves to stable, long-term and effective domestic development policies. We all will have to avoid the

temptation of placing on the international system the blame for problems that can be best dealt with at home.

As we proceed with this new phase in our relations, the institutions of our global economy will have to continue to adapt and change. As I look back, I find that most of these institutions have responded well to changing circumstances. The conditions of today are radically different from those of 30 years ago, when the United Nations and many of the present international economic institutions were formed. IMF, the World Bank and GATT succeeded in the tasks originally foreseen for them: reconstructing the economies ravaged by the Second World War and establishing a framework for sustained economic stability and progress. Since then, the world economy has grown and prospered, despite the many profound changes which the founders of our international economic institutions did not foresee. Yet the institutions they created—and the many specialized institutions which have been formed since then, including UNCTAD—have adjusted well. We must ensure that they continue to do so.

It is therefore from this record of achievement and adjustment by our international economic system, for which UNCTAD shares responsibility with other international institutions, that we should carefully consider how well the international system serves our collective and individual needs. If it does not serve them well enough, it is not only appropriate but also critical that we should express our dissatisfaction and collaborate in finding mutually satisfactory solutions. In this sense, the United States is as dedicated as any nation to the achievement of a new international economic order. Change, however, must be well considered. It must not be made so hastily that it destroys what serves our common interest. Changes must be designed to enhance global economic efficiency and equity. They must reflect the growing influence of developing countries in the world economy and their greater role and responsibilities in the international economic system.

The accomplishments of the developing countries are impressive. In the mid-1970s, developing countries survived the shocks of oil price increases, crop failures and recession in the industrial countries better than we all had dreamed. Real growth in GDP for developing countries as a group is greater than that of the industrialized countries, and some developing countries have had spectacular success in building industrial sectors, supplying world markets, and attracting investment. Ten developing countries now each export more than \$1 billion of manufactured goods each year. Our international economic institutions have contributed significantly to these accomplishments.

None the less, the problems which developing countries face are still enormous. The dimensions of our present task remain stark and clear: 800 million people still live in absolute poverty, suffering from malnutrition, illiteracy, disease, high infant mortality and low life expectancy. Economic growth rates in the poorest countries where most of these people live have been markedly lower than in the middle income and industrialized countries. The benefits of growth must be better distributed.

There are tremendous unfilled needs for investment in infrastructure, industry and agriculture. Yet private companies and many Governments of developing countries remain suspicious of each other's motives. As a result, potential investment, particularly in raw materials, is either not taking place or is attracted to alternatives in developed countries.

Although developed and developing countries alike have found ways to adjust to past oil price rises, global development has been seriously retarded both because of the direct impact on developing countries and through the slowing of world economic growth. The heaviest burden has, with cruel irony, often fallen on the most underdeveloped, which are least able to bear it. Current and future price rises are likely to have the same effects.

Food production in developing countries is increasing at a rate of only 2 per cent, about half the target rate set by the World Food Conference. Meanwhile, population growth in those countries averages about 2.4 per cent. Each year the world's population increases by 70 million, a rate which will increase total population from 4 billion to 6 billion by the turn of the century.

These truths and challenges lie before us at this Conference and the others which are to follow it. We have at this meeting an extensive agenda, covering almost every facet of economic relations between developed and developing countries. I would like now to discuss some of the key issues.

Trade will be one of our major concerns at this meeting. We have just completed the Tokyo Round of negotiations—the seventh such negotiations since the Second World War. These were undoubtedly the most comprehensive and far-reaching since the establishment of GATT. They involved more nations and more vital trade issues than any in history. In addition to tariff reductions, the multilateral trade negotiations significantly reformed some of the basic rules and procedures to be applied in the management of the international trading system in the coming decades. This is a major achievement, made all the more remarkable by the background of economic turmoil against which it was negotiated.

Obviously the negotiations have not fully satisfied developing countries. The same is true for most industrial countries as well, certainly for my own country. One never obtains all objectives in a true negotiation. Nevertheless, there are a number of results that will benefit both developing and developed countries. The new non-tariff codes will bring government policies and procedures affecting trade under wider scrutiny, and they will improve and strengthen the international process for resolving disputes. The new codes and the framework agreement also define a fairer and clearer balance between the rights and obligations of developing countries which participate in the world trading system. Active participation in the reformed GATT system by all countries will ensure that the opportunities opened by the agreements resulting from the negotiations are fully realized, and that the trading system evolves in a way that meets the needs and interests of developing and developed countries alike. UNCTAD can facilitate this evolutionary process by continuing its

work to improve international understanding of the special trade problems and needs of the developing countries.

At the same time, all countries will need to reaffirm their commitment to resist the temptation to protect old enterprises, or to over-protect new and struggling ones, from the rigours of international competition. Specific people and enterprises can suffer from adjustment to changing world patterns. But the long-term costs are too great in both economic and social terms for Governments to take the easy protectionist path.

Commodities have long been of particular importance to UNCTAD. Here, too, we seem to be proceeding to a new level of international debate. The period preceding and following the fourth session of the Conference was dedicated to broad reviews of commodity issues and the search for a general decision on whether to establish a common fund. That stage is now past, and our work in commodities will now go forward almost exclusively at the expert level, dealing with the problems of individual commodities and resolving the outstanding issues in the Common Fund. In this regard, we hope that UNCTAD will be able to play a continuing useful role in supporting the efforts of producing and consuming countries to improve conditions of trade in the commodities sector of the world economy.

With respect to individual commodities, we are pleased that a few weeks ago agreement was reached on the general framework for a new rubber agreement and that work is under way on a new cocoa agreement. We also believe that the suggestions put forward by the United States on possible approaches to a copper agreement provide the basis for further discussions. We also have a sugar agreement which is pending congressional approval in my country.

As to the Common Fund, we hope that all countries will be able to make the compromises needed to resolve the final outstanding issues. The United States is not in a position to contribute to the second window at this time. However, we do believe that we can work the second window in furthering its goals. One year ago President Carter proposed a new United States institute for scientific and technological co-operation which would help to strengthen the ability of developing countries to resolve scientific and technical problems and focus increased world attention on development problems. Legislation establishing the proposed institute is now before the Congress. If initiated as planned, the institute will manage up to \$100 million in resources next year. It will be prepared to join with the second window in organizing, manning and financing specific research and development projects related to commodities.

As we examine here the mobilization of domestic and external resources for development, we must not forget that these resources constitute a means of resolving specific development problems. The United States Government believes that the international community must consider these problems both here and in more detail during our negotiations on a new international development strategy. Moreover, we believe strongly that we must recognize that external as well as domestic resources are scarce and must be applied as efficiently and equitably as possible to the solution of these pro-

blems. In this regard, we agree that the poorest countries—those which have access to fewest resources—should generally receive the most concessional assistance.

United States development assistance nearly doubled between the fiscal years 1975 and 1979. The United States is the largest single contributor to the multilateral development banks. It participated actively in the recently concluded negotiations for replenishment of the regional development banks, all of which will allow for real growth in lending by these institutions. In addition, the United States is currently participating in negotiations for membership as a non-regional country in AfDB, for a doubling of the capital of the World Bank, and for a significant increase in the resources of IDA. Multilateral development bank lending will total in excess of \$60 billion over the next four years. Replenishment arrangements which have been concluded recently or are currently being negotiated will result in transfers to developing countries of some \$90 billion in concessional and non-concessional resources.

Just as increasing concessional lending is most important for some developing countries, for others the assurance that the availability of private sources of capital will expand in the coming years is of equal or greater importance. The United States will keep its capital market open to these countries and will encourage other developed countries to do likewise. It will encourage developing countries to take full advantage of its markets. It is exploring ideas that would allow the Governments of developing countries to make greater use of securities at fixed interest rates and it is encouraging co-financing between private lenders and multilateral development banks.

The United States also welcomes two imaginative ways in which international resources and expertise are being marshalled by the developing countries: economic and technical co-operation among developing countries. While such co-operation will remain the primary responsibility of the countries directly involved, the United States has often lent its support in the past and will continue to do so in the future.

Questions concerning support by developed countries for co-operation among developing countries, and the relevance of such co-operation to the global economy, merit discussion by the international community as a whole. It is clear to the United States that United Nations bodies of universal membership such as UNCTAD are the right places to resolve these questions. That can happen, of course, only if these bodies preserve their universality in practice as well as in principle.

Finally, we must give careful attention to making UNCTAD function more efficiently. The professional staff of international organizations should be looked upon as a common and valuable resource. We must all ensure that this resource is used with maximum effectiveness.

We frequently waste the skills and energy of the UNCTAD staff by resorting in our deliberations to procedural solutions to avoid impasses. It is often easier to call for another meeting or another study rather than face the fact that on a particular issue there is no possibility of agreement. Instead, we should agree to

disagree and set that issue aside for the time being and focus on other ones. We have been discussing many of these problems long enough and respect each other's views well enough so that this could be done without acrimony. In this way, we can use the UNCTAD staff most effectively by concentrating its efforts on issues on which we can realistically hope to come to agreement.

There are many areas in which this Conference will decide that increased activity by UNCTAD is necessary. We do not need to assume that such increased activity requires a total increase in the overall resources of UNCTAD. Instead, we should identify where decreases in the budget can be made to offset increases. This will convince those who must allocate the money for the budgets of the various United Nations bodies that we

are serious about having an organization which is realistic, effective and as efficient as possible.

In referring at the outset of my statement to a new, more pragmatic phase in international discussion and action on development problems, I did not mean that our challenges were any less urgent. In mentioning the progress we have made together in mutual understanding, I did not mean that the passion had gone out of what the bureaucrats and scholars too simply and antiseptically refer to as the "North-South dialogue". My life has taught me that passion, intelligently harnessed and directed, can bring about a new community within a nation—and within a world of nations. The United States salutes the efforts of this Conference and promises its full and constructive participation.

**Statement made at the 160th plenary meeting, on 15 May 1979,  
by Mr. Amadou Diallo, Minister of Trade, Industrial Development and Mines of Upper Volta**

On behalf of the Government of the Republic of Upper Volta and on behalf of my delegation, may I offer you, Mr. President, the warmest congratulations on your election to the presidency of this very important Conference. We can be sure in advance that, with the distinguished personalities who are assisting you, our work will lead to positive and concrete results. The eyes of the whole world are upon us and it is our duty not to disappoint its expectations. I should also like to thank the Government and people of the Philippines for the welcome given to us in this beautiful city of Manila and for the facilities that have been made available to us for the successful completion of our work.

It is now three years since we endeavoured once again, at Nairobi in 1976, to diagnose the sickness afflicting our planet—the sickness of inequality of social conditions among peoples. Our efforts were concentrated, first and foremost, on defining the necessary basis of a genuine development strategy that would enable the poor countries to attain a certain level of economic development and the rich countries to readjust their development aid policies.

The fifth session of the United Nations Conference on Trade and Development is being held at a decisive moment in the history of international economic relations. In a year's time, the Second United Nations Development Decade, launched in 1971, will draw to a close. It will be our task already, at this Conference, to assess the results of the Decade and, looking ahead, to glimpse the prospects for the coming years. In particular, we shall have to decide whether the basic objectives of the new strategy have been attained. May I remind you that those objectives were to achieve: an increase of the order of 6 per cent in the global economic capacity of the developing countries; a 3.5 per cent increase in their GNP; an increase of the order of 4 per cent in their agricultural production; an 8 per cent increase in their production of manufactured goods; a 7 per cent increase in their exports. All these measures were designed to ensure a better distribution of wealth and income in favour of the developing countries, an in-

crease in employment opportunities in those countries and the establishment of appropriate infrastructures in respect of education, health, nutrition, housing, environmental protection, etc.

In the matters that are of concern to us, however, the position is far from satisfactory in that the targets set have not been attained. The situation is aggravated by the fact that, in the decade that is drawing to an end, the developing countries have encountered more setbacks than in the past in their untiring efforts to promote their national development and to provide a minimum degree of material security for their people. As we know, these difficulties have been exacerbated by the world economic crisis, a crisis chiefly characterized by a slowdown in economic growth, an unprecedented increase in unemployment, and galloping inflation. This world economic situation has exerted a markedly negative influence on the international strategy for the establishment of a new international economic order. Whether in the promotion of collective self-reliance, in the restructuring of world trade, or in financial and technical assistance, only rarely have attempts at concerted action yielded the results that were hoped for.

In this situation, the developing countries have again found themselves alone in the face of such immense problems as economic stagnation, a more rapid deterioration in the terms of trade, a worsening of their balance-of-trade deficits, increased economic dependence on industrialized countries. It is the chief task of this session of the Conference to devote greater attention to these problems with a view to finding more adequate and more equitable solutions.

In regard to the least developed of the developing countries, in particular, the special measures for their assistance that were provided in the International Development Strategy for the Second United Nations Development Decade have not, by and large, been effective. The economic situation of those countries, and especially of those that have suffered under the double burden of the world economic crisis and drought, has gone from bad to worse. There have been, however,

some efforts that deserve special mention; I refer particularly to the debt rescheduling granted to us by Canada, the Federal Republic of Germany, the Netherlands and, more recently, France. I take this opportunity to express our warmest gratitude to those countries.

In the particular case of Upper Volta, which is among the least developed of the developing countries and which, moreover, is land-locked, our economic situation had deteriorated dangerously in the course of this second Decade. The average annual *per capita* growth rate of GDP fell from 2.1 per cent during the decade of independence to 1.9 per cent in the current decade. The country's food production showed an annual growth rate of the order of 1.5 per cent between 1960 and 1970, with an average rate of production of 900,000 tons per year. Such a rate is far from sufficient to satisfy the food needs of a population whose annual growth rate is estimated at 2 per cent. It has resulted in serious food shortages, which the country is unable to deal with effectively without international aid. Upper Volta, as host country to the headquarters of CILSS, takes this opportunity to express publicly its gratitude to the countries and international organizations that have helped it overcome these food shortages.

In regard to foreign trade, Upper Volta's trade deficit rose from \$20 million (4 billion CFA francs) in 1960 to \$35 million (7 billion CFA francs) in 1970 and \$185 million (37 billion CFA francs) in 1977. From 1974 to 1977, Upper Volta's total foreign trade rose from approximately \$215 million (43 billion CFA francs) to nearly \$325 million (65 billion CFA francs). Naturally, the greater part of that total (nearly 80 per cent) was made up of imports. Exports have shown an average increase of only 8 per cent per annum, while imports have sometimes risen by as much as 49 per cent from one year to another. In the larger categories, food products account for 20 per cent of all imports and capital goods for 30 per cent. Exports consist largely of agricultural products, which account for over 90 per cent of the total. Upper Volta has for some years followed a policy of diversification of its sources of supply, but its exports continue to flow into the traditional markets.

The reason why our foreign trade position is so discouraging is that there are many obstacles to be overcome, particularly in the matter of transport. As a land-locked country situated 1,000 kilometres from the sea, with a very underdeveloped communications infrastructure, Upper Volta encounters serious difficulties in the carriage of its goods. Transport costs sometimes represent more than 100 per cent of the cost price of the products. Faced with these manifold obstacles—unfavourable geographic position, climatic hazards, and lack of resources—the Government of Upper Volta has endeavoured to set up mechanisms to improve its international trade. In 1974, the National Foreign Trade Office was established; its role was to seek out the best sources of supply and to make Upper Volta's products known abroad. Similarly, in 1978 the Volta Freight Board was set up with the task of enabling the country to minimize its transport costs by a rationalization of the freight system.

As may be seen, the example of Upper Volta shows how extremely disquieting is the situation of the least developed countries and how urgent is the need to aid such countries to speed up the pace of their economic and social development. The political equilibrium of the world also comes into question, for in the long term the flagrant and permanent inequality between the well-endowed, who can satisfy their hunger and who enjoy the benefits of the consumer society, and those who are totally deprived and who are daily haunted by the spectre of hunger and thirst, is in danger of plunging our world into a situation of perpetual strife. The launching of new measures to assist such countries must therefore be a "categorical imperative". Such measures, I need hardly remind you, must have as their objective: a fairer structuring of international trade, the introduction of more generous and more flexible policies of technical and financial assistance and the adoption of certain special measures in respect of regional integration, diversification of production and trade, maritime transport, insurance, etc. Measures should of course be adopted also for the benefit of all developing countries, in accordance with the General Assembly resolution on the Establishment of a New International Economic Order.

On the principle that no problem is insoluble, we are convinced that this session will bring a ray of hope to the millions of human beings whom we represent here and on whose behalf we are in duty bound to unite our efforts towards the establishment of a new international economic order. The agenda before us meets our chief concerns in that regard. Upper Volta attaches great importance to the various questions that are to be discussed.

First, there are the items concerning primary products. We think that at this level ways should be found for the effective establishment of the Common Fund in order to provide for the financing not only of buffer stocks but also of other essential activities such as the increasing of production, productivity, etc.

Secondly, there are the financial and monetary questions. We consider that underdevelopment cannot be overcome unless a viable solution is found to the problem of the equitable distribution of available capital.

Thirdly, regarding the transfer of technology, everything should be done to ensure that the transfer of knowledge takes place under acceptable and non-burdensome conditions. In that connection, the setting up in Africa, under the aegis of ECA, of a centre for the transfer of technology is an initiative which is to the credit of the African countries.

Fourthly, Upper Volta looks to the fifth session of the Conference to resolve the thorny problem of transport and transit in the best interests of land-locked or geographically disadvantaged countries. Measures adopted at the national level cannot alone provide a solution to the problem. A better approach, failing a multilateral convention such as the one that the United Nations Conference on the Law of the Sea is endeavouring to draw up, would be to make regional arrangements. Such arrangements, made through bodies

such as the Council of the Entente States, which this year is celebrating its twentieth anniversary, the West African Economic Community and the Economic Community of West African States, have already enabled my country to secure port and transit facilities with neighbouring maritime countries.

Finally, and most important, more stress should be laid on special measures to benefit the least developed among the developing countries, in particular the developing countries which are land-locked or geographically disadvantaged. That question was among the pertinent recommendations of the Second United Nations Development Decade. In addition, the specific problems of those countries were the subject of a number of resolutions by several organizations of the United Nations system. It is therefore essential that the Conference, at its fifth session, should undertake a detailed study of the problems of such countries, in order to find appropriate solutions.

Upper Volta has come to this session of the Conference fully prepared to join its own modest efforts with those of the other countries represented here so that together we may help mankind to progress towards greater justice and prosperity. We are nearing the end of a century that has undergone more profound upheavals than any in our history, but that has also been a golden age which has witnessed the victory of man over nature, the triumph of technology, from the invention of the machine to the conquest of space, via the splitting of the atom, the eradication of major endemic diseases by science, etc. It is hard to believe that the men of this century, with the immense range of means at their disposal, cannot succeed in eliminating once and for all the great social disparities that still exist between peoples. It is my country's desire that from the fifth session of the United Nations Conference on Trade and Development there may emerge at last a hope of true international co-operation in the establishment of a new and more just international economic order.

**Statement made at the 162nd plenary meeting, on 16 May 1979,  
by Mr. Juan José Real, Ambassador, Permanent Representative of Uruguay  
to the United Nations Office at Geneva**

First, we should like to congratulate you, Mr. President, on your election. At the same time we should like, through you, to address the cordial greetings of Uruguay to President Marcos, the First Lady and the people of the Philippines. We should also like to say how happy we are to find ourselves in this pleasant country and to participate in the work of the fifth session of the United Nations Conference on Trade and Development.

Once again, the Conference will serve as a forum for the discussion of major economic issues, most of which inevitably recur from one session to another. This time, and more than ever, the most urgent task is to eliminate the obstacles confronting the developing countries and the often very unjust conditions affecting the lives of their populations.

Two themes stand out clearly among the questions concerning development: food and energy. Although they are not directly referred to in the agenda for this Conference, they cannot be passed over in silence if the international community really wants to help to alleviate the ills afflicting the deprived nations by promoting the rational and equitable use of those necessary resources, of which, in the form of wealth, there is generally a surplus in the most developed regions, but scarcity or even total absence in the regions that need them most.

In this context we should also like to stress the idea of co-operation among developing countries, to which, in our view, the greatest attention should be given. It is an idea that serves not only to underline the value of the collective negotiating power of those countries but also to offer developed countries ample opportunities for making an essential contribution to an international ac-

tion whose realization requires above all the efforts of the participants. The international economic system is increasingly based on interdependence, and must naturally permit the developing countries a more important and active role, taking into account at the very least their growing purchasing power and their extensive supply capacity.

Turning to the detailed consideration of some of the items on the agenda of this session, we consider that we must necessarily refer to the issues relating to recent events bearing on international trade, the most important of which are protectionism and the Tokyo Round of multilateral trade negotiations. Since other speakers have abundantly denounced the resurgence of direct and indirect curbs on world trade, it would be superfluous for me to return to the subject. It must nevertheless be emphatically stressed once again that the developing countries with the least resources are precisely those which are most dependent on external trade; consequently they require an open international market that affords the opportunity for sound and genuine competition and for the efficient use of resources, with consequent benefits for the consumer countries. In this connection allow me to refer to a recent statement by the Director-General of GATT, who pointed out, on the subject of international trade relations in the 1980s, that a large and ever growing percentage of trade was subjected to restrictions of one kind or another. Referring to the products of direct interest to my country, he said that, throughout the post-war period, trade in agricultural and livestock products from the temperate zone had been subjected to restrictions and distortions to such an extent that in effect some 10 per cent of world trade had been excluded from the free trade system. He added that in recent years the scope for free trade had



been much further reduced, and that since the beginning of the 1960s trade in textiles and clothing, which accounted for 5 per cent of world trade, had been subjected to increasingly strict regulation.

It is essential that the international community should react to this situation by adopting short-term and long-term measures that take account of all the interests involved. Moreover, just as the developing countries, often through very considerable domestic effort, have succeeded in diversifying and increasing their exports to the major markets, so the developed countries should resolutely undertake adjustments at the industrial level, at the same time endeavouring to achieve the legitimate economic and social objective of combating inflation and unemployment, those scourges which are naturally far more difficult for developing countries to withstand and which have extremely serious consequences for them.

With regard to the multilateral trade negotiations, the developing countries made their position clear at the Fourth Ministerial Meeting of the Group of 77 recently held in Arusha, and also in the Trade Negotiations Committee. There is evident dissatisfaction with the results achieved, although it is somewhat difficult at present to assess them properly, not only because the developing countries did not take a direct part in most of the agreements concluded but also because many of the agreements have only very recently been published. Moreover, the individual situations of the participants in the various negotiations have not always been well defined, and we hope that they can finally be examined satisfactorily. Similarly, every effort must be made to conclude the agreements that are considered essential in respect of safeguards, so as to avoid the unilateral and arbitrary application of selective restrictions.

As regards the Integrated Programme for Commodities called for in Conference resolution 93 (IV), we consider that its objectives, as well as the international action undertaken within its framework, remain valid and afford broad opportunities for co-operation and development, provided the international community is determined to adopt the required action. As for the Common Fund, the question of its establishment has been settled, but problems relating to the different regimes and commodity agreements remain to be settled.

Turning to the future of the Programme, my delegation considers that the aim should continue to be the conclusion of specific agreements, by rapidly making the Fund operational. We also think that the initial product coverage provided for in Conference resolution 93 (IV) could be extended in the light of the specific interests of the participating countries. With regard to the operations of the Common Fund as such, we think it necessary that co-ordinated buffer stocks should be financed at the national and international levels, but we regard as no less essential the "other measures" that might be taken for financing through the second window, as we consider that their implementation would offer practical opportunities for many products for which it would not be feasible to conclude agreements setting up stocks.

In the manufactures sector, given the results of the multilateral trade negotiations, we consider that particular attention should be paid to the GSP. Once those results have materialized through the appropriate mechanisms, we think that special attention should be given to the legal regime that would then apply to the GSP, to the erosion of that system resulting from the general formula of tariff reductions and to the compensations to which this situation might give rise.

It would be difficult, in this forum, not to speak of the least developed and geographically disadvantaged countries. We firmly endorse all measures proposed to support them. We believe that, in this matter as in so many others, practical steps are required aimed at alleviating their difficulties, basically through investment aimed at improving living conditions and increasing production capacity.

Relations among countries with different economic and social systems have long been under discussion in UNCTAD. We believe that these relations could now be expanded, given a climate of good will and co-operation that would make it possible to overcome natural differences in political and ideological outlook. The interdependence of economies and the complementarity of all systems is evident. The fact that economic and trade relations between countries with different economic and social systems are increasing suggests that in this area too there are opportunities for the richest countries to contribute to the development of the most disadvantaged.

Finally, allow me to return to a point I raised at the beginning of my statement: the subject of food and energy. My object is to call attention to the special position of many developing countries that export raw materials and are net importers of energy resources. Far be it from us to censure the decisions taken by other countries to safeguard their non-renewable resources, which provide the basis for their development. We have nevertheless to make it clear, in this forum, that for many developing countries the sharp rise in the cost of imports from all sources, and principally of oil, the decline in the prices of their commodity exports (in our case, food), and sometimes even the closing of their traditional markets, expose them to a permanent deficit which is bound to increase if current trends persist; the industrialized countries, on the other hand, are able to absorb the impact of increased energy costs through various mechanisms. My country has repeatedly drawn attention to this problem on other occasions. We do so now to encourage reflection, so that account may be taken of the special situation of countries with limited resources and which are totally dependent on balanced trade relations if they are to maintain the levels of growth and development they have so painstakingly achieved in the course of their economic history.

In connection with the foregoing, we consider that, through the United Nations co-operation systems and through complementary action that might be taken in this regard at the regional and subregional levels, it would be possible to set up mechanisms to associate the vital resources of food and energy in such a way as to ensure general development and growth and to avoid the danger that such mechanisms might give rise to con-

flicts prejudicial to the international community. We believe that bodies like UNCTAD can make an extremely important contribution to this process and that

they should therefore aim, as institutions, at undertaking tasks of this magnitude and nature, tasks to which this Conference should give the necessary impetus.

**Statement made at the 157th plenary meeting, on 14 May 1979,  
by Mr. Leopoldo Díaz Bruzual, Minister of State and President of the Investment Bank of Venezuela,  
on behalf of Venezuela and also of the Commission of the Cartagena Agreement**

Mr. President, before I commence my intervention, first as spokesman of the Andean Group and secondly as head of the Venezuelan delegation, allow me to congratulate you on your election to the presidency of this Conference. I also wish to reiterate our thanks to President Marcos and the First Lady for the welcome and hospitality that they have extended to us. As Venezuela is presiding over the Commission of the Cartagena Agreement, our delegation has the honour to address this fifth session of the United Nations Conference on Trade and Development on behalf of the Andean Group to which we belong together with Bolivia, Colombia, Ecuador and Peru.

I must begin by pointing out that 1979 is the tenth anniversary of the signature of the Cartagena Agreement. This is an occasion of signal importance, since it testifies to the success of an integration process and of practical measures of joint action in the economic, cultural, social and technological fields as a corollary to the tradition which distinguished our countries in the development of their political independence early in the last century. We have thought of our union as a powerful instrument for furthering our economic and social development in association with the Latin American Group and the Group of 77.

On 26 May 1979, at the beginning of the second decade of the Agreement, another stage in our process of integration will be embarked upon with the important summit meeting of Heads of State of the member countries at Cartagena, Colombia. Its main purpose is to evaluate the first 10 years of operation, from which it will undoubtedly derive political guidelines to strengthen the Agreement and give it greater force. It is also expected that a treaty will be concluded establishing an Andean court of justice for the settlement of any disputes that may arise among us.

One of the guiding principles of our integration scheme is the unrestricted enforcement of the principle of solidarity, by virtue of which all the States members of the Andean Pact enjoy juridical equality. We play an equal part in decision-making. The application of this principle, which is consistently observed in our Group, is a prerequisite for the establishment of a just and equitable international order on the basis of the structural changes that are necessary to safeguard the interests of developing countries and to enable them to participate in the adoption of decisions of concern to them at any level.

The Andean Group firmly believes that it must generate its own system of development that will ensure the attainment of the growth targets fixed and avoid, whenever possible, the adoption of measures that are

mere copies of the patterns existing in the developed countries.

Our countries are of the same mind as other developing countries in believing that this fifth session of the Conference is a good opportunity for taking decisions to introduce the requisite structural changes that will offer a definitive solution, among other things, to the problems of protectionism, raw materials, financing and the transfer of technology, and thus bring about an equitable distribution of the benefits of world trade among the developed and developing countries. We look on it as a propitious opportunity, since the perpetuation of the present system will lead, at best, to a confrontation between North and South that may well endanger the maintenance of world peace and security.

The Andean Group confirms its desire for an agreed solution, since this is inherent in the special and objective characteristics of the Cartagena Agreement, both at the regional and international levels. In this connection we have been adopting formulas for joint action to deal with the impact of world economic problems on the subregion.

This explains the great importance we attach to economic co-operation among developing countries. Our schemes and programmes provide for various forms of co-operation which could be instituted in our countries. The Andean Group is prepared to put forward, on the basis of its experience, specific ideas such as those embodied in decision No. 24 of the Commission of the Agreement, on joint industrial programming, the harmonization of economic and social policies and the Andean Reserve Fund.

Allow me to elaborate upon two of the points mentioned above in view of their direct relationship with the issues before this fifth session of the Conference. I shall refer in the first place to the common regime for the treatment of foreign capital and the transfer of technology, decision No. 24, which is regarded as one of the fundamental mechanisms of the Cartagena Agreement. This decision provides for measures to strengthen the technological capability of our countries and contains provisions similar to those proposed in the draft code of conduct on the transfer of technology.

It should be pointed out that the Andean Group is the only integration scheme which now has an instrument that enables its members to concert their treatment of foreign investment and the transfer of technology.

The Andean regulations cover all categories of transactions, including the operations of transnational corporations. They are a confirmation of the sovereign right of member countries to adopt policies and rules governing the transfer of technology, and are designed

to eliminate restrictive practices that conflict with the development objectives of the recipient country. They also include other provisions in keeping with the integration aims of the Cartagena Agreement.

We hope that the lessons learned from the application of this regime will be useful in considering the item on technology in the appropriate forums.

Another of the basic mechanisms of the Cartagena Agreement for promoting the balanced and harmonious development of member countries is industrial programming in the Andean Group, which is a novel element in the operation of integration systems.

With the inauguration of sectoral industrial development programmes for motor vehicles, petrochemicals and engineering in the subregion, a difficult stage, which was impeded by constant pressure on the part of certain transnational corporations, has now been passed. We are also resolving certain problems with a view to the speedy implementation of industrial programmes for chemicals, pharmaceuticals, steel, fertilizers and telecommunications.

The member States are determined to continue their joint efforts to ensure that the Cartagena Agreement is implemented in full.

Today, once again, and for the fifth time in 15 years, the developing countries are meeting in this forum to read out our list of grievances to the deaf ears of the industrialized world. These have been 15 years of struggle during which, although the countries of the third world have succeeded in highlighting their individual and collective importance and made some of the developed countries aware of their difficult and unjust social and economic situation, little has been done to translate that struggle into effective measures capable of alleviating the immeasurable burden on our weak economies. A long series of frustrations, interspersed by isolated and petty successes, could be the historical representation of these 15 years of arduous struggle. That is why we are surprised to note the excessive optimism that has characterized the start of work at this fifth session of the Conference. And, to be perfectly honest, it so happens that, after careful and rational analysis, we find nothing to make us frankly optimistic. On the contrary, in view of the events of recent years, we must remain on the alert and redouble our efforts in order to achieve significant progress in the transformation of the existing structure of the world economy. The painful failures of recent years, such as the North-South dialogue, the multilateral trade negotiations, or the reform of the international monetary system, to mention only the most important, suggest and demand that we should maintain an attitude of cautious expectation. I hope that clear solutions will soon emerge to dispel the present distrust and uneasiness.

It is now well known that the world economy is passing through a period of extraordinary gravity. Nevertheless, and even at the risk of appearing insistent, two novel aspects of the world economic crisis should be singled out. First, it is not temporary and cyclical, as some may think, but structural, and cannot be resolved through short-term measures characteristics of a bygone age; secondly, it has a harsh effect not only on developing countries, but also—perhaps one could say

mainly—on the industrialized countries that have benefited from the present system of international economic relations. Yet the developed countries talk and act as if they had complete control over their economic machinery and also as if they fully understood the problems of the economies of the developing countries and knew the solutions. But this is not true: most of them are not sincerely interested in the nature and solution of our problems, and at the same time they offer the sad spectacle of drowning in a monetary morass, of galloping inflation, alarming unemployment and outmoded protectionism, which could very well precipitate them into bilateralism as in the 1930s. In short, although they are trying to maintain their position as arbiters of the world economy, they cannot right their own economies. They should therefore be reminded of the old saying: "Physician, heal thyself."

Protectionism, which has been on the rise in recent years, is not only dangerous to the economies of the industrialized countries and to the world economy, but is also utterly unjust to developing countries. Indeed, we are first criticized because we do not make efforts to diversify our exports and increase our production of manufactures and later, if somehow we succeed, markets are closed to us on the pretext that traditional industries are being protected.

As for the structure of international trade, little—to say the least—has been achieved since the establishment of UNCTAD. Generally speaking, the developing countries continue to depend on a few export commodities, although in the majority of cases they are not the principal producers; deterioration of the terms of trade, as a consequence of inflation in the industrialized countries, is still the long-term trend; industrial diversification continues to meet with serious internal and external obstacles, and not even the GSP, inadequately and unequally applied by various industrialized countries, has yielded the results that, in principle, were expected from one of the few achievements of the third world within the framework of UNCTAD. A single example will suffice to illustrate the unjust and inequitable share of the developing countries in world trade. It is estimated that, of the \$200 billion representing the value of the products exported by the third world to the industrialized countries at consumer prices in these countries, barely \$30 billion—in other words 15 per cent—return to the developing countries. The remaining 85 per cent is retained in the economic circuit of the industrialized world in the form of transport charges, insurance, taxes, other services, profits, etc. In other words, for every dollar paid by the consumer to the industrialized countries, only 15 cents remain in the developing countries.

No less serious and inequitable has been the third world's participation in the system of international payments. Apart from the fact that the second amendment to the IMF articles of agreement was drafted without paying any special attention to the interests and aspirations of the developing world, its final adoption does nothing but give a legal stamp of approval to the monetary chaos of the 1970s. Article IV of the amended articles of agreement is a real "menu à la carte", from which each country—in practice industrialized—can choose the exchange system that best suits it. The inter-

pretation of that article should induce the authorities of IMF to exercise greater control and vigilance over the operation of exchange machinery by member countries. Unfortunately, IMF has accustomed us to the fact that this vigilance and the rules on which it is based are effective only when applied to developing countries, debtors or applicants for credit. The consequence of this state of affairs is that, in the process of correcting disequilibria in the balance of payments, the greatest burden in relative terms is borne by the developing countries. In this matter, therefore, it is necessary, on the one hand, that countries issuing reserve currencies should adopt real disciplinary measures in the issue of such currencies, which should be replaced in this role by SDRs, and, on the other, that measures to restore equilibrium in balances of payment should be applied in an even-handed manner, that is, in both the deficit countries and the surplus countries.

I have now reached the central point of my delegation's statement. The new Government of Venezuela is guided in its international economic policy by the principle of international social justice and economic co-operation with other developing countries.

International social justice is the paramount guiding principle for the Government of Mr. Luis Herrera Campins, as it believes that different economic conditions and situations cannot be tackled in the same way, but require different treatment, depending on the specific needs of the social and economic development of each nation or group of nations. This means that the industrialized countries cannot continue to subject developing countries to the same rules of competition and the same economic bargaining conditions as those that govern their reciprocal trade relations. It is fitting, therefore, to recall here the words of Lacordaire: "Between the rich and the poor it is liberty that oppresses and justice that liberates."

But there is more; for my Government, international social justice means that, within the group of developing countries, those which, for structural reasons or because of circumstances, are in a relatively less disadvantaged position and enjoy greater access to financial resources, should contribute capital to alleviate, within their possibilities, the difficulties that beset weaker countries, and recognize that, in certain cases, special treatment could be granted to the countries of the third world.

International economic co-operation is to a considerable extent interpreted by us as an application of the above principle, that is, action taken within the group of developing nations aimed at relieving the burden of countries with major economic difficulties or bringing about a redistribution of income or opportunities among them.

I venture in all modesty to say that, for Venezuela, co-operation with other developing countries has not consisted merely of political declarations in international forums. The constant defence of Andean economic integration as a means of promoting the integration of Latin America, the creation of the Trust Fund in IADB for the promotion of development projects in Latin America, the introduction of petroleum facilities with Central America, the various types of financial co-operation machinery with the countries of

CARICOM and the rest of the Caribbean, the special resources made available to the World Bank and to IMF, and finally our effective and substantial participation in the OPEC Special Fund, are unequivocal proof of our sincerity when in international politics we speak of international social justice and co-operation with other developing countries. This financial co-operation has in recent years amounted to the significant sum—considering our state of underdevelopment—of approximately \$2.5 billion, the equivalent of 5 per cent of Venezuela's present national budget.

Just think what the situation as regards the financing of development would be if all the industrialized countries were to earmark 5 per cent of their national budgets annually for this purpose.

Venezuela cannot let this opportunity pass without making a clear reference to the question of oil prices. Nobody can deny that the short and agitated history of OPEC represents the highest and most successful point reached in the struggle to liberate the developing countries by counteracting the injustice imposed upon us by what is better called the international economic disorder created by the majority of the industrialized countries in pursuit of their selfish interests. In short, the successes of OPEC are victories of the third world.

Steps must therefore be taken to ensure that the arrangements made for the better protection of commodity prices are not transformed into an additional burden for the economically weaker developing countries.

The Venezuelan delegation recognizes that the effects of the rise in petroleum prices vary considerably from one group of hydrocarbon importing countries to another. The adjustment of the price of this vital non-renewable resource in the past few months does not even offset the loss of the purchasing power of OPEC exports to the industrialized countries. The rate of inflation has lately been much greater than the oil price increase since 1974. However, we cannot disregard the fact that oil price adjustments constitute an additional burden—although not the most important, as is sometimes made out—over and above the already very heavy one created by present world inflation and the traditional deterioration of the terms of trade experienced by the countries of the third world.

Consequently the Venezuelan Government intends, in accordance with the principle of international social justice and economic co-operation among developing countries, to promote a policy aimed at ensuring that oil price adjustments do not place an additional burden on the precarious balance of payments of many developing countries. Accordingly, the measures it takes to this end will be designed to ensure that, in the shortest time, existing co-operation machinery is supplied with sufficient resources and given the necessary flexibility so that the balance of payments of developing countries will not be aggravated as a result of the justified adjustment of oil prices.

I should also like to stress that the spirit that inspires the statement of my delegation is not exclusive to us. In expressing myself as I have done I do not, of course, speak on behalf of OPEC, since it is not for me to do so, nor do I claim such an important function. Nevertheless, I know that the OPEC countries, as developing

countries and members of the Group of 77, are prepared to help alleviate the conditions imposed by an unjust international trade structure on the economies of the countries of the third world. This is demonstrated—possibly not in the most eloquent fashion—by the activities of the OPEC Special Fund. This Fund, created for the purpose of supplying resources for the development of the less advanced countries, has a total capital of \$1.6 billion, of which almost \$1.2 billion are already committed. In the immediate future, and with a view to being able promptly and efficiently to assist developing countries with balance-of-payments problems, the OPEC Special Fund, in the opinion of my delegation, should extend the scope of its activities and make its operations more flexible, by modifying its legal and economic machinery. Similarly, the Government of Venezuela is prepared to contribute, through the OPEC Special Fund, to the second window of the Common Fund for commodities. Venezuela, in agreement with the other members of OPEC, will announce the amount of its contributions in due course.

As regards the financial co-operation of the OPEC countries, it should be stressed that, according to United Nations figures, their total commitments now amount to 7.5 per cent of their GNP, while the corresponding figure for disbursements has been 5.6 per cent annually. In absolute figures, the annual commitments of the OPEC countries, after reaching a high point of \$15 billion in 1975, have been maintained in succeeding years at a level of nearly \$10 billion. These figures, and the percentages they represent, considerably exceed the amount of development assistance provided by several of the more important countries of the world during any annual period in the past two decades. Moreover, it should be borne in mind—because this point is often overlooked—that the financial co-operation of the OPEC countries is based on an exhaustible resource, namely, petroleum.

In spite of the fact that the balance sheet for the two United Nations Development Decades—and perhaps that of the second more than the first—is fundamentally negative for the developing countries, my delegation wishes to strike a note of cautious and rational optimism about the future. This attitude is justified by the agreements in March on the establishment of the Common Fund of the Integrated Programme for Commodities and by the few steps forward taken during the negotiations on some of these commodities. We believe that the institutionalization of the Common Fund should contribute to the improvement and stabilization of the prices of primary commodities. On the other hand, as I previously said, my country is prepared to contribute, through the OPEC Special Fund, to the resources of the second window. In any case, my delegation is hopeful that, in the course of the discussions on the creation of the Common Fund, no criteria will be

established that could imply the freezing or perpetuation of the present situation of the developing countries.

I do not wish to conclude without referring to the importance of the new international economic order. In recent years, everyone at every economic forum has been talking about the new international economic order. It is mentioned so often that sometimes I have the impression that this repetition will deprive the concept of its substance. And talking of its substance, I wonder whether the majority of countries and Governments attach the same importance and the same weight to the new international economic order. Most probably not. Possibly each country stresses what is most to its liking. In any case, it is quite clear to my Government that, whatever new structure and principles are adopted, the new international economic order should bring about a real and significant transfer of resources from the developed world to the developing world, a transfer of technology on appropriate conditions for development, and greater and more effective opportunities and participation in decision-making for the countries of the third world. Either the new international economic order will do that or it will not amount to anything. Furthermore, the industrialized world will also benefit to a considerable extent from a substantial improvement of the economies of developing countries. Without this improvement, the world economy will not be able to surmount the dangerous crisis that besets it. All countries should assume their responsibilities. Venezuela, together with the other developing countries, will assume its own. The Arusha Programme commits us to extend and intensify co-operation among ourselves at the subregional, regional and interregional levels. This co-operation complements the efforts being made in the North-South negotiations and now, here in Manila at the fifth session of the Conference, faces a new challenge which we hope will not be frustrating like the previous ones.

My delegation, in this statement, has refrained from touching on specific items of the agenda of this Conference so as to avoid going into detail and presenting too many figures. But this should in no way be interpreted as reflecting a lack of interest in any of the items. This statement sets out the guidelines that will be followed by my delegation in the course of the deliberations of the negotiating groups.

In thanking the Government and people of the Philippines, in the name of the Venezuelan delegation, for the warm welcome extended to us and the splendid facilities placed at the disposal of the Conference, I wish to express the deep satisfaction that, as Latin Americans, we have experienced in the land of Rizal. To tell the truth, we did not expect to find so many manifestations of a common spirit between our two countries, whose noble history unites them in spite of their distance from each other.

**Statement made at the 158th plenary meeting, on 14 May 1979,  
by Mr. Dinh Nho Liem, Vice-Minister for Foreign Affairs of Viet Nam**

The delegation of the Socialist Republic of Viet Nam greatly appreciates the attentiveness and the encouragement for the fifth session of the United Nations Conference on Trade and Development displayed by Mr. Ferdinand E. Marcos, President of the Republic of the Philippines, and Mrs. Imelda R. Marcos, Governor of Metro Manila and Minister for Human Settlements. Our delegation wishes to extend its warm congratulations to Mr. Carlos P. Romulo on the occasion of his unanimous election as President of this important session, and we also wish to express our gratitude for the significant contribution made to the work of UNCTAD in recent years by Mr. Gamani Corea, the Secretary-General of UNCTAD, and particularly for the preparatory work for this fifth session.

Our delegation welcomes this opportunity of coming to Manila, a capital renowned for its beauty and its hospitality. On this occasion, we should like to extend the warmest greetings of the people and Government of the Socialist Republic of Viet Nam to the people and the Government of the Republic of the Philippines. We are gratified to see that the ties of friendship and co-operation between Viet Nam and the Philippines are constantly growing stronger and broader on the basis of the Joint Declaration by Prime Minister Pham Van Dong and President Ferdinand E. Marcos of 18 September 1978.

During the 15 years that have elapsed since the first session of the Conference, the developing countries have achieved ever greater solidarity and have shaped the directions of their struggle to consolidate their political independence and to win their economic independence. The success of the petroleum-exporting countries in their efforts to become the masters of their natural wealth and of their economic activities is of considerable political and economic significance. Fortunately, the initiatives of the developing countries, supported by the socialist countries and some other countries, have led to the adoption of many forward-looking resolutions on economic and trade issues at various sessions of the General Assembly and of the Conference.

However, the key issues referred to in these resolutions have still not led to any implementation measures or to any real progress. The economies of the developing countries show little, if any, improvement. It may even be said that they are growing worse from day to day: insufficient production, a fall in export earnings, trade and payments deficits, larger foreign debts and a deterioration in the standard of living. The gap between the industrialized market-economy countries and the developing countries is widening steadily. In the multilateral trade negotiations within the United Nations, the developing countries are constantly confronted with the opposition, the negative attitude and the divisive ploys of the imperialist countries.

This situation highlights even more the deep-rooted and fundamental causes of the economic difficulties of the developing countries, namely, the imperialist and

colonialist policy of economic exploitation and domination, as well as its lasting consequences. It is well known that almost all the developing countries are former colonies and were kept for centuries in extreme poverty and underdevelopment by colonialism. The major developed market-economy countries are growing steadily richer through a range of measures and methods such as trade pressure, unjust terms of trade, a stranglehold on raw materials and a monopoly on the international monetary and financial system. They resort to protectionism, restrictive trade practices and other unilateral measures in order to shift the entire burden of the economic crisis, inflation and the energy crisis on to the developing countries, thereby continually making their economies unstable, weaker and dependent.

The economic backwardness of a number of developing countries has yet another important cause, namely, the policy of the forces of international imperialism and reaction, a policy of ceaselessly creating tensions in various regions, interfering in the internal affairs of developing countries, sowing discord among them, setting one country against another—in short, of weakening them in order to exploit and dominate them. It reaches its climax in triggering wars of aggression, either direct or by proxy, against a number of developing countries and jeopardizing their independence and sovereignty while creating a state of instability that thwarts their efforts to build up their economies and slows down the pace of their development.

This was the case in Viet Nam shortly after the south had been freed from imperialist aggression and the country reunified, when the Vietnamese people had just embarked upon the task of healing the wounds of war and were then compelled to take action in the recent war of aggression unleashed by the supporters of great Power expansionism and hegemonism.

Because of the successive threats to its independence, Viet Nam, like other developing countries, has not had the opportunity to concentrate its material and human resources on the normal development of its economy. Preventing wars of aggression, defending national independence and guaranteeing world peace means, in fact, creating the indispensable international conditions that will enable the developing countries to make up the lag in their economies and help to promote international trade. The deterioration in the economic situation of the developing countries can be explained by the fact that these causes still exist. This state of affairs means that we have to face the problems squarely, seek measures calculated to eliminate these basic causes and concentrate on improving the economic situation of the developing countries during the forthcoming decade.

The struggle of the developing countries to ensure that their efforts and initiatives within the framework of UNCTAD will produce effective results by helping to establish a new international economic order that is



just, equitable and democratic will be long and difficult. It is inseparable from the struggle of the peoples of the world against imperialism, colonialism, neo-colonialism, Zionism and *apartheid* and in favour of peace, national independence, democracy and social progress. The Arusha Programme has clearly shown that, if the struggle is to succeed, it is essential for the developing countries to bring subjective factors to the fore.

In order to put an end to their economic dependence, the developing countries have striven and are striving to cut down gradually their dependence in terms of staple foodstuffs and consumer goods, their dependence in terms of equipment and energy, their dependence at the technological, financial and trade levels, and so on. They are determined to rely mainly on their own strength, seeking by every means to use to the utmost their national potential in raw materials, capital and manpower so as to build up, step by step, an independent and sovereign economy. At the same time, they attach great importance to furthering co-operation with one another and with all other countries, on the basis of respect for their independence and sovereignty, equality and mutual benefit.

The Socialist Republic of Viet Nam, a developing country, is taking part in the struggle waged by the developing countries against protectionism and discrimination in international trade, against exploitation through a stranglehold at the monetary and financial levels and against the monopolistic and speculative policy pursued by the transnational corporations, in order to win their legitimate demands for stabilized export earnings, developed and diversified exports of manufactures and semi-manufactures, further transfers of technologies that meet the needs of their countries and a proper strengthening of their role in decision-making on international economic issues.

We consider that those countries that have grown rich on colonialist exploitation have a responsibility to contribute to the economic development of the exploited countries and that those countries that have provoked wars of aggression have a responsibility to help heal the war wounds of the countries that have suffered aggression. These are legitimate demands. In the matter of ODA, as in other issues relating to economic relations, we consider that the countries responsible for the economic difficulties of the developing countries should not be placed on the same footing as countries that are not responsible for those difficulties.

Today, as in the past, Viet Nam has benefited from aid and co-operation from sister socialist countries and other countries, as well as from aid by international organizations inside and outside the United Nations system. We are sincerely grateful for this very valuable assistance, which is helping us to build up an independent and sovereign economy. However, one particular country has used economic assistance as a method of exerting pressure on our country. We are opposed to such a policy. After 30 years of devastating war, the Vietnamese people passionately desire peace and stability in order to build up their country and improve their living conditions, and they are resolved to struggle to achieve these aims. These are legitimate aspirations widely supported by world opinion.

The Socialist Republic of Viet Nam wishes to develop economic and trade relations with all countries, in keeping with the principles of respect for one another's independence, sovereignty and territorial integrity, non-interference in the internal affairs of others, equality and mutual benefit. Together with the other countries of South-East Asia, our country is resolutely striving for peace and stability in the region, which it regards as international conditions essential for its own economic development and that of the other countries of the region, and for expanding the international economic and trade relations of each country, not only alone but also among themselves, in the interests of the growing prosperity of South-East Asia. With this goal in mind, we are resolutely struggling against any attempt to incite mutual distrust, set the countries of the region against one another and thereby impede each country's economic development and mutually beneficial co-operation among these countries.

The developing countries attach great importance to this session of the Conference, since it is taking place at a time when international trade relations and economic development throughout the world, particularly in the developing countries, are creating fundamental problems that call for an urgent solution. By strengthening their economic potential and their co-operation and by expanding their economic relations with all other countries without distinction as to their political system, the developing countries have built up and are building up the strength needed to develop their independent economies, abolish the old inequitable economic order and succeed in establishing a new international economic order. Our delegation believes that concerted efforts and a spirit of mutual understanding will lead to a positive outcome to the fifth session of the Conference.

**Statement made at the 159th plenary meeting, on 15 May 1979,  
by Mr. Muhammad Hizam Alshohati, Minister of Economic Affairs of Yemen**

I should like to begin by offering my congratulations, in the name of the delegation of the Yemen Arab Republic, to you, Mr. President, on your election to the presidency of this momentous session of the United Na-

tions Conference on Trade and Development. We are confident that your outstanding abilities and extensive experience qualify you in every way to assume the considerable responsibility of that important position.

I should also like to congratulate the Vice-Presidents and other members of the Bureau on their unanimous election.

Please allow me to add my voice to those of previous speakers in expressing our most sincere gratitude and appreciation to Mr. Marcos, President of the Republic of the Philippines, to Mrs. Imelda Marcos, the First Lady of the Philippines, and to the Government and friendly people of the Philippines, for the hospitality and warm welcome with which we have been received in this charming and beautiful country, together with our best wishes for its continued progress and prosperity. We are convinced that the excellent arrangements and preparations that have been made for this session of the Conference will certainly be conducive to its desired success.

I also take this opportunity of extending a welcome, on behalf of my delegation, to the States that have recently joined the UNCTAD family.

The President, Government and people of the Yemen Arab Republic place great hopes in the successful and appropriate outcome of this session of the Conference, which is of particular historical importance as one of the corner-stones for the establishment of equitable commercial, financial and economic relations throughout the world. This session will also formulate the guidelines for the establishment of a new international economic order based on justice and equality among the members of the international community.

Today, we stand at the threshold of the Third United Nations Development Decade, armed with the experience that we have gained in the course of a quarter of a century. That period has been characterized by the strong emphasis placed by many of the developed countries on their own individual interests, in furtherance of which some of those countries have acted independently while others have joined economic blocs which are also seeking to promote their own interests, with scant regard for the interests of the poorer countries of the world.

As a result, the developing and newly independent countries have been suffering wrongful and unfair treatment in their economic relations. UNCTAD was established for the purpose of putting an end to that suffering, identifying the problems of the developing countries, ascertaining what needed to be done to achieve full mutual understanding between the rich and the poor countries and finding appropriate ways of bridging the immense gap between the poorer countries of the south and the richer countries of the north.

UNCTAD has been successful in convincing the international community and, more particularly, the developed countries that the economic and development policies they have been pursuing, either individually or through economic blocs, are neither fair to the developing countries nor, in fact, conducive to their own long-term interests.

No State or economic bloc can live in isolation from the others. Indeed, there is a close economic interdependence between States, an elementary fact that it is difficult for any State to disregard.

The Arusha Programme for Collective Self-Reliance and Framework for Negotiations truly represents the only realistic starting-point for our treatment of issues of common concern to the international community. The Programme contains a detailed survey and specific proposals concerning problems of international trade and development between the developed and the developing countries and, in our view, establishes an equitable basis for the liberalization of international trade relations. It also highlights the adverse consequences which could result from the protectionist trends in the economic policies of States.

With regard to the least developed group of countries, to which the Yemen Arab Republic belongs, we firmly believe that the urgent action programme to be implemented during 1979-1981 has not only pinpointed the particular problems facing this group of countries but has also specified the ways in which those problems should be resolved. We refer in particular to the increased provision of financial resources by the developed countries and by international financing institutions with a view to defraying the costs of implementing scheduled projects, improving the health, educational and nutritional standards of this group of countries during the above-mentioned period and preparing them for effective participation in the formulation and eventual implementation of the objectives of the Third United Nations Development Decade.

In this connection, reference should also be made to the fundamental role assigned to the Secretary-General of UNCTAD and to the technical staff of this pioneering organization with regard to the study and formulation of the plans and programmes needed for the implementation of the Third Development Decade for the 1980s.

The Third Development Decade is of particular importance to the group of developing countries. Adequate preparations must therefore be made to ensure that its targets can be reached. Integrated preparations for it will undoubtedly necessitate the provision of the financial resources needed for the planning and formulation of objectives.

Consequently the developed countries and the international development organizations are now required to adopt a more positive approach towards participation in realizing the ambitions and aspirations of the developing world.

A survey of the economic and development performance of the developing countries over the last two development decades shows that a slight improvement has been achieved by some developing countries, mainly as a result of the extraordinary efforts made by them to meet the development targets laid down by the United Nations development decades. However, the picture is totally different in the case of the group of least developed countries, which have failed to reach the development targets established. As we are all aware, the rate of growth of GDP was set at 6 per cent per annum, while the rate of growth of the average individual share in GDP was to reach 3.5 per cent per annum.

Of the group of least developed countries, only four have been able to attain those rates, and their combined

population is not more than 8 per cent of the total population of the least developed countries.

In actual fact, the most appropriate yardstick by which to measure improvement in the economic situation of the least developed group of countries is the real rate of growth in the average individual share of GDP. If we apply this yardstick, we find that the situation of the countries in this group tended to deteriorate during the period 1970-1977 in the following main fields: GDP, agricultural production, the processing industries, volume of trade exchanges, purchasing power of exports and volume of imports (continually declining).

Social and economic development is truly a long and difficult uphill climb on which we must embark hand in hand with the developed countries which have been more fortunate and successful in achieving a generally large measure of industrial, technological and cultural progress.

We believe in the maxim quoted by President Marcos in his opening address to this session of the Conference, to the effect that international co-operation with a view to economic development is not to be regarded in terms of the outstretched hand of a beggar at a charitable gathering but as a common struggle to overcome the deprivation from which the vast majority of mankind is suffering.

The medium-term and long-term economic stability of the developing countries and the reduction of their total dependence on financial flows will undoubtedly require radical changes in their economic structures to enable them to achieve higher rates of industrial and agricultural production and to develop their capacities to export and to earn hard currencies.

Many of the developing countries, including the Yemen Arab Republic, have tried hard to formulate development plans and programmes with a view to achieving a better standard of living. However, the implementation of those plans and programmes has led to a considerable increase in the need for financial resources and technical aid and assistance if the standard of living of the population is to be improved.

The objective of development, namely, the structural modification of the economies of the developing countries, has led to severe deficits in their balances of payments. The flow of funds and resources to those countries must be increased if such deficits are to be prevented from impeding and severely restricting the effectiveness of social and economic development endeavours.

As we are all aware, the developing countries have been forced to borrow on the financial markets, with all that that entails, the result being crushing financial burdens which they are unable to bear. Increased rates of financial flows and the provision of resources on liberal terms will thus be of immense assistance in breaking out of those vicious circles and in overcoming poverty.

The Arusha Programme, issued by the Fourth Ministerial Meeting of the Group of 77, contained a detailed survey and specific proposals for overcoming financial difficulties and paucity of resources and for laying the firm foundations needed for the Third United

Nations Development Decade. Our full support for that programme thus springs from our conviction that a new form of international co-operation is needed in order to bridge the gulf between the haves and the have-nots.

The delegation of the Yemen Arab Republic calls upon those developed countries that have not yet done so to follow the example of other countries and wipe out past loans to the least developed countries, endeavour to increase the proportion of grants, make loans on easy terms and increase the flow of official financial aid. We hope that such action will not be confined to foreign currencies but will also help to cover a large part of the costs of development projects payable in local currency.

We consider that the question of the transfer of technology is closely bound up with financial flows and technical assistance. In this connection, we believe that it is natural and equitable to transfer technology and to disseminate the benefits and positive results of scientific and technological progress in such a way as to benefit all mankind. The technological advances of which the developed countries are now reaping the benefits were not merely coincidental achievements but constitute the culmination of a constant series of scientific endeavours in which mankind has been engaged since the dawn of modern history, and to which all peoples have contributed throughout the ages; the results of those advances should not therefore be monopolized by one particular group to the exclusion of others. We thus believe that, as members of the international community, we should all share in the benefits of scientific and technological progress.

We must emphasize that the code of conduct on the transfer of technology should be regarded as a sound basis for future action. Internationally binding legal principles must be formulated to ensure that the provisions of the code are implemented both by the States Members of the United Nations and by the firms and institutions belonging to those States.

With regard to the least developed group of countries, we support the programme of action contained in the Arusha document, which stresses the need for an intensification of efforts by the developed countries and the specialized international institutions to help the developing countries in respect of the transfer of technology, its application for development purposes and its continual adaptation to the local circumstances and requirements of those countries. In our view, this would be merely equitable compensation from the developed countries and the specialized international scientific institutions for the brain drain from which the developing countries are suffering.

The fourth session of the Conference, held at Nairobi, achieved splendid results in connection with the question of commodities of prime interest to the developing countries through agreement to establish a common fund to serve as an instrument to achieve equilibrium and stability in the prices of those commodities. We welcome that success and hope that all the financial resources of the Common Fund will be duly subscribed so that it can play a full and effective role.

We believe it is necessary to establish a single international economic society in which all obstacles, policies and procedures restricting freedom of trade and interna-

tional exchanges will be eliminated or reduced to an absolute minimum.

Protectionist measures to restrict trade may at best result in the creation of tiny economic entities which are unable to survive outside their protected environment. Moreover, protectionist policies may lead to an improper distribution of available resources, thereby impeding the international division of labour.

The sharp drop in the level of the export earnings of the developing countries has considerably limited their ability to develop their resources and carry out the structural changes needed in their economies. The Integrated Programme for Commodities constitutes the most appropriate framework within which to deal with this important question. We hope that the developed countries will give due attention to the measures specified therein, particularly with regard to the GSP.

The provision of a suitable amount of aid to help the developing countries to expand and diversify their exports might enable those countries to become more self-reliant and would increase their financial resources and foreign currency earnings, thereby stimulating further social and economic development and reducing balance-of-payments problems.

International trade depends to a large extent on the availability and cost of shipping. The steep rise in transport costs considerably limits the expansion of international trade in both primary and industrial goods.

The Yemen Arab Republic, which is largely dependent on international trade, is paying a high price to transport its imports. In 1976-1977 the cost of shipping amounted to 20 per cent of the total value of our imports. This high proportion may also apply to many other developing countries.

We call upon the liner conferences and shipping companies throughout the world to establish special rates for the least developed countries. Simultaneously, the international financing institutions and the developed countries must provide financial and technical aid to enable the least developed countries to establish merchant fleets and develop their seaports.

The economic problems of the countries of the third world undoubtedly have political dimensions and it is

quite impossible to approach their economic aspirations except in the context of their political situation.

Yemen shares the aspirations and hopes of the Arab nation of which it forms a part. For more than 30 years, we have been suffering from the instability to which our region has been subjected, to the detriment of the exploitation of its natural and human resources for development and reconstruction. As you are all aware, we still suffer from the effects of this problem. We are convinced that, in this important region of the world which is called upon to play a leading role in economic development and in helping to assist others, stability and growth can be achieved only through the return of the occupied Arab territories to their legitimate owners and the recovery of the rights of the struggling Palestinian Arab people, represented by the Palestine Liberation Organization.

This problem has serious economic implications, since the countries of the region have been compelled to mobilize many of their resources for the purposes of self-defence rather than to meet the requirements basic to the life of mankind, for the improvement of whose nutritional, health and educational standards we are gathered here today.

We call upon the international community to put an end to this problem, which is becoming more and more serious and acute, and to rally to the side of right and justice which we uphold. This can be done only through the restoration of the occupied Arab territories and the return of the Palestinian Arab people to their land.

In conclusion, please allow me to repeat what I said at the beginning of my address, namely, that my country attaches special importance to this session of the Conference which, it hopes, will lead not only to positive results but also to results that will actually be implemented.

I should also like to take this opportunity to express the gratitude and appreciation of the Yemen Arab Republic to all the friendly States and sister States and to all the international and regional organizations which have helped, and are continuing to help, the development efforts of my country.

**Statement made at the 152nd plenary meeting, on 10 May 1979,  
by Mr. Branislav Ikonić, Vice-President of the Federal Executive Council of Yugoslavia**

It gives me great pleasure to take this opportunity to express, on behalf of my delegation and on my own behalf, our thanks to the Government and people of the Philippines for the generous attention and warm hospitality extended to us, as well as for the excellent arrangements for this Conference and for our sojourn in this beautiful city of Manila. I am honoured and privileged to convey heartfelt congratulations to you, Mr. President, on your election to the presidency of the fifth session of the United Nations Conference on Trade and Development and to voice my confidence that, under your capable leadership and guidance, our

deliberations will be brought to a successful conclusion. I would also like to convey my appreciation to Mrs. Imelda Romualdez Marcos for her welcoming address, and for having rightly underlined the far-reaching implications of this Conference for humanity.

The very fact that the fifth session of the Conference is being held in Manila is a recognition of the outstanding role played by the Government of the Philippines in international co-operation for development and in the promotion of the cause of the developing countries. This has been demonstrated, once again, by the

highly motivated statement of Mr. Ferdinand E. Marcos, President of the Republic of the Philippines, which will, I am confident, inspire this Conference to achieve positive results.

May I also refer to the statement of Mr. Kurt Waldheim, Secretary-General of the United Nations, in which he warned the international community that stability and security could not prevail in the world so long as gross inequities continued to exist. It is with pleasure that I would like to commend Mr. Gamani Corea, Secretary-General of UNCTAD, for his highly competent statement and for an exhaustive presentation of the complex issues facing this Conference and for having underlined the major role of UNCTAD in the solution of these issues.

International economic issues, especially problems facing developing countries, have long been a source of major concern and preoccupation to the international community. This is a clear demonstration of the fact that these are key issues vitally affecting not only economic relations but also international relations and world peace in general. This is evidenced by numerous international conferences held in the wake of the sixth special session of the General Assembly of the United Nations. I would also like to stress the important contribution rendered by the Fifth Conference of Heads of State or Government of the Non-Aligned Countries, held in Colombo, and the great role and significance which the forthcoming Sixth Conference of Heads of State or Government of the Non-Aligned Countries will play in this respect.

Today more than ever before the world must recognize the necessity of further democratization of international relations. One of the most vital aspects of this process is the effective restructuring of economic relations in keeping with the requirements for the establishment of the new international economic order. This must stem from awareness that only through concerted efforts and constructive negotiations will it be possible to find comprehensive and lasting solutions reflecting the interests of the international community at large. This in turn calls for full, effective and equal participation of all countries in the international decision-making process.

The Yugoslav delegation is firmly convinced that the Arusha Programme for Collective Self-Reliance and Framework for Negotiations constitutes a constructive programme of reform of the existing international economic system, designed to orient the international community towards the surmounting of the grave problems affecting the world today. The Arusha Programme, while taking fully into account the complex realities and relations of interdependence of the world economy, will contribute to the creation of the necessary conditions for a lasting, harmonious and dynamic development of the world economy as a whole, and to the accelerated economic development of developing countries. These conditions comprise primarily a well-conceived and fundamental transformation in the structure of world production, trade and consumption, the elimination of other structural imbalances, and the establishment of a new, economically more rational and just international division of labour.

The establishment of the new international economic order and its universal and consistent realization requires the full participation and co-operation of all countries, irrespective of their economic and social systems. Any delay in the realization of the programme of reforms contained in the Arusha document will only result in the aggravation of the position of developing countries in the world economy and continue to widen the gap existing between them and developed countries. While speaking of the Arusha Programme, it gives me pleasure to pay tribute to Mr. W. K. Chagula, Ambassador of the United Republic of Tanzania, for the convincing and lucid way in which he presented the message and the spirit of the Arusha Ministerial Meeting of the Group of 77.

The fifth session of the Conference is being held in highly complex international economic and political conditions. We are witnesses to the fact that peace in the world is indivisible. It is also becoming increasingly clear that the lack of real progress in the solution of international economic issues is a source of dangerous social and political tensions at the national and international levels, and also a serious threat to world peace and security.

By its intrinsic nature, the existing international economic system has persistently deepened the inequalities and aggravated the imbalances in the structure of the world economy as a whole. The unrealistic premise on which it was based has led to its collapse, and it has consequently ceased to serve the interests even of the developed countries, as is clearly evident in the current low rates of growth, prolonged recession and equally persistent trend of inflation, monetary instability and unemployment. The majority of the most developed countries have since attempted in vain to find ways and means of achieving economic recovery and stabilization within narrow circles, *inter alia* by resorting to protectionist measures and various safeguard mechanisms. It has become obvious, however, that such short-term measures have not yielded the expected results, but have postponed the right solutions, which can be found only through proper adjustment measures within the fundamental restructuring of the world economy along the lines of the new international economic order. All this can be achieved only through the full and effective participation of all countries in the context of the interdependent nature of the world economy. Regrettably, however, protectionist measures and similar policies persist, in neglect of the very nature of the issue, and—a matter of particular concern to us—they impose an additional burden on developing countries, forcing them to bear the brunt of the shrinking markets of developed countries, and to cope with other difficulties in the implementation of their development policies.

May I just mention that the import restrictions imposed by the developed countries since 1974 have resulted in gross upheavals in international trade, with the exports of developing countries being hit the hardest. In their efforts to maintain, in such conditions, a reasonably satisfactory growth rate, they have been unable to avoid the spiralling growth of their trade and balance-of-payments deficits and a mounting volume of indebtedness.

All this points to the urgent need for the international community to commit itself to a fundamental restructuring of the world economy, with a view to making possible its dynamic and balanced development, and ensuring the speedier development of developing countries, within the framework of equitable international co-operation.

My delegation attaches great importance to all the issues on the agenda of our Conference and expects the Conference to arrive at concrete decisions and to adopt programmes for further action.

In assessing trade policies, we are concerned by the fact that developed countries, instead of undertaking the necessary industrial adjustments, are increasingly resorting to protectionist measures, especially in those sectors where comparative advantages favour developing countries.

The application of the so-called safeguard clauses only to certain countries and, as a rule, to developing countries, is another serious obstacle to the integration of developing countries into the world trade system and to the acceptance of the rules governing it. There is a contradiction between the actual practices of the developed countries and the principles embodied in the Tokyo Declaration concerning more favourable and preferential treatment of developing countries in international trade. It is obvious that it is not possible to establish more lasting and harmonious co-operation between industrialized and developing countries on such a basis.

If one analyses the wider complex of problems in the system of world trade, and taking into account the results of the final phase of the Tokyo Round, the trends towards limiting the applicability of the rules are evident. Moreover, attempts are also being made to create new categorizations among countries; that is equally unacceptable from the standpoint of the basic principles of international economic co-operation. These tendencies have been present both in the discussions on the extension of the validity of the GSP and in the talks on the application of new rules of conduct on non-tariff barriers. The code of conduct, whose adoption is pending can, in our opinion, provide a basis for new forms of co-operation among countries at different levels of economic development only if the principle of more favourable treatment of developing countries is applied; such application has not yet been ensured.

In the field of commodities, my delegation is of the view that no efforts should be spared to make the Common Fund operational as soon as possible and to expedite the process of negotiations on specific commodities, since that would constitute the best possible basis for the restructuring of the world commodity market. It should be pointed out that this Conference is expected to adopt all the necessary measures for the full realization of the Integrated Programme for Commodities in respect of compensatory financing, processing of primary commodities, marketing and distribution.

The promotion of trade in manufactures and semi-manufactures originating in developing countries calls not only for an expansion of the industrial export

capacities of those countries but also for complementary structural changes in the production sectors of developed market-economy countries. In addition, these processes should be followed by an effective removal of protectionism and of all tariff and non-tariff barriers standing in the way of expanded exports from developing countries.

The GSP should be essentially improved, *inter alia* through its extension to all agricultural products and its continuous application to all developing countries of the Group of 77, without any differentiation or restrictions, and its liberation from measures of combined anticipatory and subsequent protection.

The promotion of world trade and development requires the substantive reform of the international monetary system so that it may more effectively serve the economic development of the developing countries.

The agreement reached in Jamaica at the beginning of 1976 and the amendments to the articles of agreement of IMF have alleviated some of the negative features of the international monetary system. However, the extent and the scope of those modifications have not been such as to bring about substantial changes in the functioning of the international monetary system.

Making SDRs the focal point of the international monetary system and linking them with development financing, as well as the equitable participation of all countries in the decision-making process within the international financial institutions, are among the key elements of the changes needed in international monetary relations.

The structural adjustments within the world economy, which would enable not only a more rapid development of the developing countries but would also contribute to the stabilization of the overall world economy, cannot be carried out effectively without a massive transfer of resources from developed to developing countries. Contrary to the internationally established targets, ODA to developing countries in the period 1975-1979 decreased in real terms. Therefore we consider indispensable the adoption of a programme of urgent measures for a considerably increased transfer of real resources to developing countries and for substantial increases in the resources of international financial institutions.

My Government has always devoted the greatest attention to the problems of the least developed, landlocked and island developing countries and to the countries most seriously affected by the current economic crisis. Despite the special measures undertaken in favour of these countries, their position has continued to deteriorate, reaching alarming proportions. Their problems are a source of serious concern, not only for humanitarian reasons but also because the fact that those countries should be in such a position has become unacceptable from the standpoint of securing a harmonized development of the world economy and of international economic co-operation in general. In view of this, it is imperative for this Conference to accept the Arusha Programme for these countries, as a commitment of the international community.



My delegation would also like to stress the need for the further evolution of the principles and rules governing international economic co-operation, since they have been overtaken by events and can no longer meet the needs either of developed or of developing countries. This should in no way divert our attention from the negotiations which are being conducted on concrete measures and action for the implementation of the new international economic order.

The period since the fourth session of the Conference has been marked by intensive negotiations on all major issues of international economic development co-operation. Regrettably, they have not led to any tangible results. The time has come to make a breakthrough and reach a turning-point in these negotiations. Let us hope that the agreement on the basic elements of the Common Fund will prove to be the first step in this direction. I should like, at this point, to reconfirm the financial support in the amount of \$30 million which Yugoslavia, as a developing country, announced at the fourth session of the Conference. Out of this amount an allotment will be made to the second window.

The crux of the problems of international economic relations and the world economy lies, in our view, in

narrowing the gap between developed and developing countries. This can be achieved only through a consistent implementation of the new international economic order, which should be the main objective of the International Development Strategy for the Third United Nations Development Decade. We expect this Conference to make a major contribution to the preparation of the new strategy and, in turn, to the preparations for the special session of the General Assembly in 1980. In this context, it is of crucial importance that we reach concrete agreements on all the issues figuring on the agenda of this gathering. In this lies the far-reaching importance of the fifth session of the Conference and the historic responsibility of all of us participating in this Conference.

It is no longer necessary to argue that we shall suffer the consequences stemming from the problems besetting the world economy, since they are already with us. Nothing short of determined and concerted efforts by all countries could help us to move towards a better tomorrow. The objectives of this Conference are neither too ambitious nor too pretentious, but a true reflection of the magnitude and the challenge posed by the problems themselves.

**Statement made at the 151st plenary meeting, on 9 May 1979,  
by Mr. Kiakwama Kia Kiziki, State Commissioner for National Economy, Industry and Commerce of Zaire**

On behalf of the President of the Executive Council of the Republic of Zaire and in my individual capacity, I should like to express our sincere gratitude to the President of the Republic of the Philippines and Mrs. Romualdez Marcos, and through them to the Government and people of the Philippines, not only for our warm welcome, worthy of the best traditions of oriental hospitality, by also for all the consideration and attention we have received since our arrival in Manila.

The Zairian delegation joins other delegations in a particular vote of thanks to Mrs. Marcos for her special contribution, which is designed to make man the central figure in the concerns of the fifth session of the United Nations Conference on Trade and Development.

We welcome the election of General Carlos Romulo, Minister for Foreign Affairs of the Philippines, as President of the current session of the Conference and we firmly believe that, with the help of his vast experience and that of the other members of the Bureau, our work will be crowned with success and will meet the aspirations of the more than 2 billion human beings who are particularly interested in the outcome of the Manila Conference.

The work carried out by Mr. Gamani Corea at the head of UNCTAD deserves our full esteem and we wish to pay him a deserved tribute and assure him once again of our whole-hearted support.

In the view of the delegation of Zaire, the fifth session of the Conference is an important event for various reasons: first, because it is being held at a particularly opportune phase in the development of international

economic relations; secondly, because it enables us to carry out a critical review of the past in order better to prepare for the future.

In 1980, the United Nations will be confronting development problems in order not only to take stock of developments in the North-South dialogue but also to lay the foundations for a new development decade. At the present time negotiations are being held in Brussels on the renewal of the Lomé Convention. These are elements which give us pause for thought and require all of us to adopt a brave, even bold, attitude, upon which the future will depend.

That is why we feel that it is essential to take stock of the progress achieved on the fundamental elements of the new international economic order, so that we can weigh up and act upon events rather than merely experience them passively, as we have since the end of the last world war and since the creation of the majority of the international institutions which govern the current international economic order.

It is an established fact that the developing countries in general, and the African countries in particular, find themselves today in a far more dramatic situation than other regions of the world following the failure of the development strategies of the past 20 years, a failure underlined by the current crises from which not even the industrialized countries themselves can escape.

In such an environment, which no longer assures the harmonious development or creative participation of mankind, we hope to replace the traditional concept of the international division of labour by that of the

development of creative self-reliance in a structured and coherent international exchange. That is the philosophy underlying the Arusha Programme for Collective Self-Reliance.

The content of the Programme bears upon the essence of international economic relations within the framework of the changes that need to be made to the old order, characterized by division of the world into rich and poor countries. This is true, *inter alia*, of the Integrated Programme for Commodities, the code of conduct on the transfer of technology, the multilateral trade negotiations, the Code of Conduct for Liner Conferences, transit-transport between coastal States and land-locked States, the least developed countries, and international monetary and financial questions as development factors.

That is why Zaire endorses the Arusha Programme for Collective Self-Reliance and a new and more operational conception of the interdependence of States.

In addition to our support for the Arusha Programme, we should like to refer briefly to the new developments that have occurred since the Ministerial Meeting of the Group of 77 in the various negotiations between industrialized and developing countries.

### 1. *Integrated Programme for Commodities*

An analysis of the status of negotiations concerning the 18 products on the indicative list of the Conference shows that the discussions are sinking irretrievably into verbal lethargy. The technical requirements for studies make it impossible to conclude commodity agreements rapidly. This is particularly true with regard to copper, exports of which account for 75 per cent of Zaire's foreign currency resources.

While recognizing the limited progress made with regard to the Common Fund and natural rubber, we should like to see the negotiations in progress achieve more rapid agreement on the commodities upon which two thirds of mankind depend for survival.

We invite the fifth session of the Conference to pay particular attention to the problems of price stabilization, compensatory facilities for losses resulting from fluctuations in export receipts, marketing, distribution and transport of commodities, in the spirit of the recommendations of the Arusha Programme.

Lastly, we believe that, if the Common Fund is to be a viable proposition, all States must join it, and comply strictly with the arrangements to make the second window operational.

### 2. *Code of conduct on the transfer of technology*

The latest negotiations in Geneva on the adoption of a code of conduct on the transfer of technology have failed.

In addition to the obstacles to a code of conduct with universally applicable and legally binding provisions, the developed countries have a regrettable tendency to use technology as a weapon for reprisals against the legitimate claims of the developing countries.

A parallel, in particularly bad taste, is drawn between the stocking and control of natural resources by the

developing countries and the control of technology by the developed countries.

These trends can only harm the developing countries' efforts towards industrialization, which are aimed at reducing the gap between developed and developing countries. That is why we call upon the developed countries to adopt a more flexible attitude, so that the negotiations on the code of conduct on the transfer of technology can be completed within a reasonable time in the interests of all the parties concerned.

In view of these circumstances, it is essential to find ways to increase the resources for the financing of research and development, with a view to increasing the technological capability of the developing countries.

### 3. *Multilateral trade negotiations*

In the Tokyo Declaration, the Ministers decided to accord special and more favourable treatment to developing countries in the multilateral trade negotiations. The overall objectives of the multilateral trade negotiations known as the Tokyo Round, as stated in the report of the Secretary-General of GATT, were as follows:

(a) To achieve the expansion and ever greater liberalization of world trade, *inter alia* through the progressive dismantling of obstacles to trade;

(b) To respect the principles of mutual advantage, mutual commitment and overall reciprocity in international trade, although it was decided that the developing countries would not be expected to make contributions inconsistent with their individual development, financial and trade needs;

(c) To reduce or eliminate tariffs, non-tariff barriers and other measures that impede or distort world trade in both industrial and agricultural products, including tropical products and raw materials.

Once again we have to deplore the fact that the multilateral trade negotiations did not come up to the expectations of the developing countries. This is borne out by the fact that almost all the developing countries failed to initial the record of the most recent negotiations. Lack of political will, together with the increase in protectionist measures against the developing countries' exports, were the basic reasons for this failure. Thus many problems remain in abeyance, and we therefore request GATT to expedite resumption of the negotiations with the full and effective participation of the developing countries concerning the codes in which they have a special interest.

Furthermore, as not all the decisions which emerged from the negotiations held under the auspices of UNCTAD were necessarily endorsed during the GATT talks, we should like to see the establishment of institutional machinery for reconciling, harmonizing and coordinating the decisions and recommendations taken separately by the two bodies in respect of trade.

### 4. *Code of Conduct for Liner Conferences*

We welcome the progress made in the preparation and adoption of the Code of Conduct for Liner Conferences. However, in order that some may benefit from this international effort, we invite all the countries

which have not yet done so to ratify the Code as soon as possible.

It is moreover desirable that, within the limits of their capacities, an equitable share of this sector should be reserved for the developing countries, which have suffered from unjustified increases in freight rates and excessive surcharges.

#### 5. *Transit-transport between coastal States and land-locked and semi-land-locked countries*

With regard to questions concerning access to the sea for land-locked or semi-land-locked countries, the delegation of Zaire stresses the need for close co-operation between coastal and land-locked or semi-land-locked countries.

Such co-operation should cover all areas of common interest, particularly transit facilities and joint financing of appropriate infrastructures.

The concept of a land-locked country found in all the UNCTAD documents is in our view too limited and does not facilitate the solution of the problems of countries which, although not entirely land-locked, are geographically disadvantaged. Such countries are faced with the same problems as land-locked countries: this is true of Zaire.

The fourth meeting of the Conference of Ministers of ECA adopted resolution 293 (XIII) on semi-land-locked countries at its 189th meeting, held at Kinshasa on 26 February 1977. The resolution reads as follows: "The Conference of Ministers ... recommends that coastal countries should facilitate the transit of imports destined for land-locked and semi-land-locked countries and of exports coming from such countries; requests the Executive Secretary to carry out studies on the situation of the semi-land-locked countries which put forward practical measures to open them up, and to submit a report on this subject to the Executive Committee ...".

We hope that this Conference will include the semi-land-locked and geographically disadvantaged countries in the measures advocated for the land-locked countries.

#### 6. *Least developed countries*

Zaire whole-heartedly supports the new programme for the least developed countries for the 1980s.

In fact, we feel that what has been done to date for these countries is not commensurate with the commitments made by the international community to help them and that resources to stimulate their economies should be increased.

We believe that each of these countries would want to draw up plans for a much broader programme which would take into account their priority objectives, with the full support of bilateral and multilateral aid institutions.

#### 7. *Monetary and financial problems*

For the delegation of Zaire, international monetary reform must be linked to development financing in the third world countries.

The new international monetary order, while favouring the developing countries' trade, should allow for the real transfer of resources to those countries, at both the bilateral and the multilateral level, by increasing public and private assistance.

To date, very little progress has been made in this field. In certain regions of the globe there have been some changes in monetary structures which we still believe will not harm the developing countries or slow down their efforts to arrive at a new international monetary order.

With regard to the debt situation of the developing countries, Zaire supports the establishment, within the framework of UNCTAD and in co-operation with other interested international organizations, of appropriate machinery that will take into account the investment requirements of the developing countries in dealing with their future debt operations.

With regard to the cancellation of debts through ODA, the delegation of Zaire feels that it is highly desirable for the developed countries which have already decided to take such action to extend the benefits to all developing countries without discrimination.

We are convinced that those countries that have not already done so will not delay in subscribing to such cancellation measures.

#### 8. *Economic co-operation among developing countries*

Zaire, like other members of the Group of 77, supports the promotion of ECDC in accordance with the Colombo Declaration. In this context, we request GATT, in collaboration with UNCTAD, to ensure the widest possible adherence to the protocol relating to trade negotiations among developing countries under the auspices of GATT.

As an expression of their desire to contribute to exchanges among developing countries, Zaire and its neighbours have established a subregional plan for the Economic Community of the Great Lakes Countries and the Central African Clearing House. We hope the international community will provide the countries of central Africa with material and financial support for the achievement of the economic integration objectives sought in the region.

According to one school of thought, the Manila Conference should not take specific decisions or make definite commitments on the various items on the agenda, but should merely clarify or redefine the broad options in the field of international trade and development so that the specialized agencies, sector by sector, can subsequently deal in greater depth with specific aspects of the questions raised during the current session.

This attitude can be of interest only to those who have time to spend on further reflection, but certainly not to those for whom the imperatives and constraints of development call for immediate solutions.

For the developing countries, Manila should not be yet another period of reflection but an important deadline by which we can expect straight answers and unequivocal commitments.

**Statement made at the 162nd plenary meeting, on 16 May 1979,  
by Mr. R. Chisupa, Member of Parliament, Minister of Commerce and Industry of Zambia**

Permit me to express, on behalf of my delegation, our deep gratitude and appreciation to President Marcos, the First Lady, Mrs. Imelda Marcos, and the Government and people of the Philippines, for their outstanding hospitality and for the most efficient arrangements which they have made to make us not only really comfortable but thoroughly at home.

Allow me, Mr. President, to congratulate you on your deserved and unanimous election to the presidency of the fifth session of the United Nations Conference on Trade and Development. Allow me, too, to congratulate and thank the Secretary-General of UNCTAD and his dedicated staff for the excellent documentation provided for the Conference.

This Conference comes at a critical period in the history of mankind; a time when man has at last realized that, in the words of the metaphysical poet, John Donne, "no man is an island", that one man's suffering diminishes the joy of another, and that indeed, and in the words of late President Kennedy, "unless the few that are rich can help the many that are poor", there is no future for mankind.

I dwell on this interdependence of mankind to underscore the point that all of us, whether from the rich countries or from the poor countries, depend on each other for a better future; that our ultimate task together as people who inhabit this globe is not the nibbling at, or even whittling down of the barriers and tariffs that exist between us: it is the removal of all these barriers, the barriers that strengthen the hand of poverty against humanity as a whole. We have come not to barter for concessions from each other; we have gathered here to fashion a better world for all mankind.

We in Zambia derive much inspiration from this global Conference on poverty, because the very fact that it is being held stresses man's realization that the only alternative for man is prosperity for all. We in Zambia value very much the concrete gestures towards this objective which the countries with the finances, technological know-how and so on are making in this regard. We thank them.

But time is on the side neither of the rich nor of the poor. For, given the fact of a shrinking world, the destiny of this globe has never been more dependent on the annihilation of poverty than it is today.

Both the rich and the poor nations at this Conference bring to this meeting their strengths and weaknesses, strengths and weaknesses stated negatively to make or unmake the future of mankind. It is our hope and prayer that, in the negotiations that are now under way, the objective of a better world for all of us will not be lost sight of. The developing or poor world must be helped to become a self-reliant and dependable trading partner, for history shows that the stronger the partners in trade, the larger the trade.

Permit me now to say a word or two about the Arusha Programme for Collective Self-Reliance. That

document is not an *Oliver Twist* "Please, I want some more, Sir." It is a prescription for the eventual prosperity of an interdependent world. In that document, the poor nations are not asking to be given; they are asking of the rich to be enabled to help themselves and thereby become better trading partners with the rich. It is essentially a programme for securing a fuller life for mankind through self-reliance and the collective co-operation of the whole of mankind. We urge the developed rich world not to look at this document as a child's list to Father Christmas. It is an invitation to them to help us fashion the axe with which we ourselves will fell the jungle of poverty.

I have already spoken of my country's gratitude for whatever assistance the developed countries have rendered us. I have already implied that they, too, have limited means in the context of the requirements of their people. But let us together, while fully aware of our present limitations, not shrink from the challenge of setting ourselves the full goals to which we must aspire. For good or for worse, we are all together in this battle against poverty. Poverty is like smallpox. Unless it is eliminated from the face of the earth, no country will always be free from it. Let us remind ourselves of and heed the wise opening words of our host, President Ferdinand Marcos. This Conference should not be a confrontation between the rich and the poor. It should be a monument to a people bound together by the same destiny—the destiny to make the world a better place for all. That destiny will be finally sealed and consummated only through the development of just trade and just industry between all our peoples.

The Arusha Declaration makes an eloquent plea for immediate short-term action within the context of the longer-term plan to be undertaken now as a matter of urgency to bring relief to the poorest economies. It calls for the implementation of the Programme of Action for the Establishment of a New International Economic Order, including the elimination of protectionism, stabilization of commodity prices, establishment of the Common Fund and the restructuring of the international monetary system.

In this new international economic order, the producers of primary commodities should be a party to price determinations. The current practice whereby prices of primary commodities are determined only by consumers in developed countries is not only unrealistic but also unacceptable. The negotiations at the fifth session of the Conference should address themselves to changing this most unfair system which has left producers gasping in despair and helplessness.

It is of utmost importance that there should be stabilization of prices of primary commodities, as fluctuations in prices militate against proper planning of the economies of those of us who sell these commodities. It also forces many of us to incur expensive loans to maintain production of our economic lines, which consist of primary commodities, no matter how they are defined. I

come from a country where this observation is a truism. My country has suffered serious dislocation to its economy as a result of low prices of copper over the past four years. I therefore wish to take this opportunity to thank all those countries that have come to our assistance during this most trying period.

In pursuance of the new international economic order, there should be more liberal trade in the world. Developing countries should have easier access to markets in the developed countries for the exports of their primary commodities, semi-manufactures and manufactured goods. It is also important that the developed countries with no exception should lower and/or remove tariff and non-tariff barriers and other restrictive practices.

These changes may be far-reaching. But they are absolutely essential to the future well-being of international trade. It is the absence of genuine effort in the past to move towards the attainment of these objectives that has bequeathed to us today the tragic polarization between the "haves" and the "have nots". The "haves" must be most clear about the empirical fact that they cannot continue to prosper forever while the "have nots" become poorer. Technology may be confined to the "haves" today. But just as it finally found its way to America from Europe, that technology will one day become the common property of mankind. There are going to be proportionately more current and new raw materials discovered in the world of the "have nots" than there will be in the world of the "haves".

These facts—the fact of the technological and financial superiority of the developed world, the fact of the eventual mobility of technology, and also the fact that the developing world will become an ever more impor-

tant source of raw materials—are facts that should compel unity of action rather than confrontation.

Both of us—the developed and the developing world—carry heavy responsibility for the success of this, our joint venture into prosperity. We cannot achieve the total programme at one time. But we can make a beginning now, for big successes come only from small beginnings. As far back as 8 July 1965, for example, the United Nations passed the Convention on Transit Trade of Land-Locked States. It is a matter for serious concern that up to now not many of the coastal countries have signed it. It is therefore our sincere hope, in commending the Arusha Declaration to this Conference, that acceptance of it will be accompanied by immediate action. I express the pride of my nation in commending the Arusha Programme as the basis for the negotiations for the betterment of man's life.

Finally, I wish to support the request by the Chairman of the United Nations Council for Namibia that that Council should be accorded full membership status of UNCTAD. The economic plunder of Namibia by the racist minority administration of South Africa, so eloquently put to this Conference by the distinguished delegate, is alas a living reality. That Council, which is the sole and rightful administrator of Namibia, has the right to be heard in this, the highest economic platform of the United Nations.

Zambia places high premium on the dignity of man, and in pursuance of the attainment of this objective my country will not compromise its stand in relation to the racist and minority regimes in Namibia, Zimbabwe and South Africa. We urge the international community to remove all vestiges of colonialism, imperialism and racism from the face of the earth.

## *Statements made in exercise of the right of reply*

### **Statement made at the 149th plenary meeting, on 9 May 1979, by the representative of Egypt, in exercise of the right of reply<sup>1</sup>**

In reference to the attack on Egypt's policy contained in the statement of the representative of the sisterly Syrian Arab Republic, the Egyptian delegation wishes to express its extreme dismay, indeed its protest, at such attack.

The Egyptian delegation did not expect that an Arab brother would use this forum for dealing with Arab differences. From the procedural point of view, those differences are better handled within an Arab context. From a substantive point of view, the charges against Egypt could only raise surprise and astonishment among participants in this Conference. They are all aware of Egypt's role and tremendous sacrifice in advocating Arab causes, and defending these causes with all its resource. They are also aware of the historical role of its President in bringing about a comprehensive, lasting and just peace in the Middle East.

Let me declare that my Arab heart writhes with bitterness when an Arab brother levels accusations at Egypt, which is the core and throbbing heart of the Arab nation, for it is Egypt that suffered, and continues to suffer, the brunt of its tremendous sacrifice and it continues to hold fast to its principles in serving Arab causes regardless of any accusation.

<sup>1</sup> Replying to the statement made at the same meeting by the representative of the Syrian Arab Republic.

A representative of the Government and valiant people of Egypt, I find myself driven to appeal to my brothers to discontinue their attacks in this or any other international forum.

What the people and Government of Egypt find most painful is that they cannot find any justification or explanation for such attack. They can only see it as a disregard of the sacrifices made and that continue to be made by the people of Egypt, as well as ignoring the role of Egypt in upholding full Arab rights in its pursuit of just and lasting peace in the Middle East, based on withdrawal from all occupied Arab territories and the restoration of all legitimate rights of the Palestinian people, including their right to self-determination and to establishment of their independent State on their own land.

I appeal to Arab brothers not to mark the Arab face by an exchange of accusations; let us avoid making other participants in this Conference feel that we are wasting their time with futile empty words which only cause resentment and bitterness.

It is my hope that my words would be the last words, thus putting an end to levelling accusations against Egypt in this Conference, indeed an end to any attempt to divert the Conference from its agenda.

### **Statement made at the 149th plenary meeting, on 9 May 1979, by the representative of Israel, in exercise of the right of reply<sup>1</sup>**

In deference to the Conference and in line with the guidance so firmly established by our President, my delegation has no intention of being drawn into a sterile political debate.

The attempt of the Syrian delegation to involve this Conference in political issues which are entirely extraneous to its main task is out of order.

Unfortunately, the representative of the Syrian Arab Republic could not withstand the temptation to inject allegations against my country. Everybody knows who is for peace and who is against it. Unfortunately, the Syrian Arab Republic prefers a warlike course instead of joining the peace process. We should concentrate here on constructive solutions directed at the economic

interests of developing countries. These are indeed the real issues at stake. Diverting the Conference into a political arena for one-sided propaganda issues would only destroy the concerted efforts of all of us, and would affect adversely the genuine interests of the third world.

Since reference has been made to the Peace Treaty signed between Israel and Egypt, I feel compelled to say a word on this subject. After 30 years of conflict and warfare, the countries of the region have finally reached a turning-point which enables their peoples to stop the cycle of violence, destruction and suffering, and to embrace a new era of peace and co-operation. In Israel, we hope and pray that the peace process will be continued, leading eventually to a comprehensive settlement, conducive to economic development and prosperity for all the States of the Middle East. Only genuine co-

<sup>1</sup> Replying to the statement made at the same meeting by the representative of the Syrian Arab Republic.



operation and conciliation, and not futile confrontation, would advance the common cause of economic and social development. We therefore trust that all

delegations present will follow the guidance of our President and adopt a constructive approach which will enable the Conference to attain its goals.

**Statement made at the 159th plenary meeting, on 15 May 1979,  
by the representative of Indonesia, in exercise of the right of reply<sup>1</sup>**

The Minister of Commerce of Mozambique has referred to East Timor as a territory in which no economic freedom exists. In the exercise of its right of reply, the Indonesian delegation would like to reject this allegation and put the following on record.

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<sup>1</sup> Replying to the statement made at the same meeting by the representative of Mozambique.

The people of East Timor have already freely expressed their right of self-determination, by which they have freely opted to become part of the Republic of Indonesia.

East Timor is now fully integrated into Indonesia and its people enjoy the same rights and privileges and fulfil the same obligations as any other citizen in the country and, as such, they do enjoy economic freedom.

**UNITED NATIONS SECRETARIAT**

**Statement made at the 146th plenary meeting, on 7 May 1979,  
by Mr. Kurt Waldheim, Secretary-General of the United Nations**

It is a great pleasure for me to be in this beautiful city of Manila today at the opening of the fifth session of the United Nations Conference on Trade and Development.

Mr. President, permit me first of all to extend to you my most sincere and heartfelt congratulations upon your unanimous election. This is yet another indication of the high regard in which the international community holds you because of your constant devotion to the ideals of the United Nations. I am confident that under your leadership this session of the Conference will be able to tackle seriously the many vital issues on its agenda. Let me also say how much we appreciate the inspiration and guidance you have already given us in the statement we have just heard.

We were privileged this morning to listen to a most important statement made by Mr. Ferdinand E. Marcos, President of the Philippines. He touched in a very perceptive and comprehensive manner upon the key problems before this Conference. In doing so he has set the stage for the deliberations ahead of us.

May I also express my profound thanks and gratitude to President Marcos, Mrs. Marcos as the First Lady and Governor of Metro Manila, and the people of the Philippines, for the very warm welcome that has been accorded to us.

Your generosity as hosts has been long established at past United Nations meetings that have been held here. It is also evident in the outstanding facilities that have been made available on so many occasions to the United Nations. The gracious hospitality you are extending for this important Conference is no exception, and I know it will serve to inspire us to greater effort as we search for solutions to the problems of international economic co-operation in our interdependent world.

I also wish to convey my appreciation to the very able Secretary-General of UNCTAD, Mr. Gamani Corea, and his dedicated staff, for the hard work, imagination and innovative spirit they have displayed in the preparatory work for this Conference.

We all share a great concern over the explosive conflicts that threaten the peace in many regions of the world. There is equal concern over the continuing arms race which diverts scarce resources from development. But there is universal consensus, I believe, that, even if we succeed in reaching solutions of these and other vital political issues, the only way for us to achieve the lasting peace we seek will be on the foundation of a global society of economic justice and equity.

As never before, the relationship between the industrialized countries of the North and the developing countries of the South poses one of the greatest challenges of our time. The most critical aspect of that challenge is to establish the new international economic

order which has been called for by the United Nations in order to give equal economic opportunity to all nations of the world. By enabling the developing countries to become full partners with the industrialized countries, we will create conditions more responsive to present-day realities and needs and narrow the gap in living conditions that today sees two thirds of our world struggling with poverty. No one nation, no one region, no one system can cope with the problem alone. It is a global problem, and it demands a global solution.

An essential element in finding this solution is the close interrelationship between the nature of our overall international economic system and the well-being of each of the groups that compose it. This well-being is now threatened by two of the most critical problems before the international community today. One is the extremely slow progress being made in achieving a new international economic order. The other is the continuing economic malaise in the developed market-economy countries. I believe this fifth session of the Conference presents an exceptional opportunity to deal with these interrelated problems jointly in a universal forum.

Some delegates may recall that, three years ago, at the fourth session of the Conference in Nairobi, I suggested that the elements of the dangerous and lasting disequilibrium resulting from the deep recession of 1974-1975 should not be forgotten. There were some signs, of course, that the world economy might be returning to normal but, as we discovered, those signs were largely misleading. As we meet today, the disequilibrium persists, and the slowdown in growth in the developed market economy countries is also reflected in unemployment, inflation, instability in exchange rates and exceptional payments imbalances.

This disequilibrium is having an obvious impact on the developing countries. These countries have the unhappy choice of either curtailing vital development programmes or increasing even more the already huge volume of their indebtedness.

What intensifies the problem for them is that only limited gains have been made thus far in implementing the structural and institutional changes called for in the Declaration and Programme of Action on the Establishment of the New International Economic Order. In fact, the relatively few concrete results attained in the so-called North-South dialogue on international co-operation for development has produced a mood of widespread frustration and dissatisfaction in the third world. Nonetheless, the recent and most welcome agreement on the Common Fund shows that progress is possible, and it is my hope that it will now encourage similar progress in other crucial areas.

In the final analysis, a successful North-South dialogue is as essential for developed economies as it is

for developing ones. Without significant improvements in the overall structure of international economic relations, it seems highly unlikely to me that the longer-term growth potential of the developed countries can be restored. I do not believe, therefore, that any economic adjustments which these countries limit to themselves alone will be enough. What they also need is the creation of new sources of growth in the global economy through generating and releasing the potentially vast demand for their exports in the developing world—a demand that is as yet largely untapped. No less important is to establish an economic environment conducive to continuing changes in the division of labour through the industrialization of the third world and structural changes in the economies of the North. Thus the restructuring of international economic relations through the new international economic order need not await the economic recovery of the developed countries. Quite the contrary, its implementation will expedite that recovery and help place the world economy on a more viable and dynamic footing.

I do not suggest that negotiations to restructure the international economic order will be easy. In fact, they will be made even more difficult by the need to carry them out in two separate areas. On the one hand, the developing countries themselves must conduct a series of negotiations designed to help them achieve the collective self-reliance that is an integral part of the new order. At the same time, negotiations must also move forward with both the developed and developing countries continuing their vital North-South dialogue.

The international community has now agreed that these North-South negotiations should be carried out within the framework of the United Nations system. In keeping with this aim, as the delegates here know, the General Assembly established a Committee of the Whole to oversee and also to contribute to the process. In the present circumstances, UNCTAD has a particularly crucial role to play as an organ of the General Assembly for deliberation, negotiation, review and implementation in the field of international trade and related areas of international co-operation. I am pleased to note that it has already initiated several negotiations, including those on the Integrated Programme for Commodities, the debt problem, the technology code and equitable principles and rules for the control of restrictive business practices. As I have already indicated, there has been a major step forward in the case of the Common Fund. Our aim now must be to go forward from here, for much remains to be done, both in the area of commodities and manufactures as well as on monetary and financial issues.

One of the most urgent issues before the Conference will be the question of how the current protectionist trend can be arrested and reversed. The problem needs to be tackled through short-term action in the form of acceptance of new internationally recognized principles and disciplines governing restrictions on imports from developing countries, as well as longer-term action in the form of national policies of industrial adjustment and adaptation undertaken within a framework of internationally accepted guidelines.

Apart from the specific problems to which your Conference will address itself, I wish to draw your attention to two issues which are and will continue to be of crucial importance for the development process and the world economy as a whole in the years ahead. It is a matter of grave concern to me that the world food situation remains in a precarious state because, in recent years, food production has barely kept ahead of the growth in population in many developing areas. Unless decisive progress is made in increasing food and agricultural production in the coming years, all other development efforts and attempts at improving the social welfare of the two thirds of the world population most seriously in need will be severely undermined. A major initiative on the part of the entire international community is vitally necessary to implement the targets and policy measures which were proposed by the World Food Council in the fields of food production, food aid and security, as well as agricultural trade and rural development. The World Conference on Agrarian Reform and Rural Development being held in July under the auspices of FAO will highlight some of the national and international measures which will be required in this important endeavour.

I am equally concerned with regard to the prospects for the continued availability of energy as well as other prerequisites for development on conditions which do not seriously impair the growth potential in particular of the developing countries. Everyone is agreed that there is no easy solution for this problem. As regards energy, there is also a growing consensus that in our endeavour to ensure a stable supply of this key ingredient for development we have to make the transition from the current excessive reliance on oil to an increased use of other sources. This will involve many difficult adjustments in the world economy. Common efforts by all nations will be necessary if these adjustments are not to have adverse effects on the process of development in developing countries. In this connection, I would like to remind you of the proposal which I have made for the creation of a United Nations energy institute, which could provide a useful approach to this problem, and one of particular benefit to developing countries. I would also like to refer to the decision of the General Assembly to hold a conference on new and renewable sources of energy, which will represent an excellent opportunity for Governments to consider new modalities of international co-operation in this field.

In the days ahead, this Conference will seek to reach agreement on the principles governing international trade and on specific measures in the different policy areas covered by its agenda, including means to improve the management of the global economy. It is for the delegates here to make their contribution and recommendations on these matters. Their success in reaching agreements on them would do much to advance the negotiating process under way in UNCTAD and in other United Nations forums directed at the attainment of the new international economic order. It would also make a major contribution to the formulation of the new international development strategy which will chart the path for global economic co-operation through the 1980s and beyond.

This Conference, therefore, will have many difficult decisions to make before it adjourns. As it considers the complex issues involved, I urge it to bear in mind that its actions and decisions will have a direct bearing on the economic health of the world. It goes without saying that negotiations as complex as those involving the conflicting views and diverse considerations inherent in the North-South dialogue cannot be resolved overnight. But the slow pace, which has been its mark up to now, must give way to a new sense of urgency. Indeed, it is my belief that, if our current difficulties are not overcome, we invite serious political and economic repercussions.

We cannot end the decade of the 1970s still tolerating the disparity in incomes and opportunities that today

separate the developed and developing world. Nor can we enter the decade of the 1980s without at the very least making a start in resolving the stubborn economic problems that have divided us for the past generation.

I do not minimize our problems. But I believe it is within our power to find answers to them. All nations, developed and developing alike, have a stake in the outcome. We have the resources and we have the ability. What we need is the imagination and the courage to break with the past so that we may build a future world of prosperity and peace.

The Conference you begin here today has a key part to play in helping us reach this goal. It could have no greater challenge. I wish you every success in this effort.

**Statement made at the 147th plenary meeting, on 8 May 1979,  
by Mr. Gamani Corea, Secretary-General of UNCTAD**

I would like first of all to take this opportunity of extending to you all a warm welcome to this fifth session of the United Nations Conference on Trade and Development. I know that I shall be reflecting the sentiments of every one of you when I say how deeply grateful we are to the Government of the Philippines for its generous gesture in inviting us to convene here in Manila. We have all been immensely impressed and satisfied with all that has been done for us and I cannot think of better arrangements than what we have here in Manila for the successful accomplishment of the work before us. I would like, in particular, to pay special tribute to Mrs. Marcos, First Lady and Governor of Metro Manila, for the efforts that she herself has made personally and for the impressive start she gave to our Conference by her words of encouragement and of welcome yesterday morning.

We heard yesterday two addresses which have indeed set the tone for this Conference. President Ferdinand Marcos has given us immense encouragement by his bold and perceptive statement. His address was indeed a brilliant guide to the work of this Conference, and I wish to take this opportunity to pay tribute to his leadership and to his sense of commitment. UNCTAD, and indeed the whole international community, owes a special debt of gratitude to President Marcos for another action which I would like to recall today. It was here in Manila, on the occasion of the Third Ministerial Meeting of the Group of 77, in January 1976, that President Marcos made a decisive and dramatic gesture in announcing the willingness of his Government to contribute \$50 million to a common fund for commodities. I think that it was that gesture, more than any other, which helped to give reality to the concept of the common fund and which transformed it from what it was at that time—a vague aspiration—into a serious and practicable objective. In the light of subsequent events which have now produced some positive results, we cannot fail to recall and acknowledge the importance of this original gesture.

I would also like to take this opportunity to express my deep appreciation of the statement yesterday by the

Secretary-General of the United Nations. In this statement he gave a clear and decisive lead to our work. He has drawn attention to the significance of this Conference in the wider setting of the efforts of the United Nations and the international community to achieve a new international economic order. The Secretary-General has at all times followed the work of UNCTAD with the keenest interest. He has given the fullest support and encouragement to our endeavours, and I would like to take this opportunity to say how grateful I am for his leadership and guidance. He has on numerous occasions used his influence and authority to help focus international attention on the issues with which UNCTAD was grappling, and has in this way helped in bringing about the political will to achieve results.

I would also like to take this opportunity to congratulate General Carlos Romulo on his election as President of this Conference. We are indeed fortunate that we have as our leader someone of his immense stature and experience, someone who will doubtless inspire this Conference to bring forth its very best efforts.

With the commencement of this Conference, the international community is embarking upon a task of the utmost importance. The results of what you do over the next few weeks will exercise a profound influence on the course of events for many years ahead. They will influence the entire climate of international relations, particularly the relations between the developed and developing countries. As I have said before, this Conference convenes on the threshold of the 1980s. Its successes or failures will leave their mark on the whole of this period and deeply influence the content and the flavour of the international development strategy for the decade to come. For this reason, this Conference has really a momentous responsibility before it—a responsibility which it must endeavour to discharge in the most constructive manner.

It is important to see the work of the fifth session of the Conference in the context of the events that have preceded it. At the fourth session, at Nairobi, in 1976, an attempt was made to give concrete form to the need

for new international economic relationships—to some of the concepts embodied in the new international economic order—through the establishment of specific international arrangements or agreements brought about by a process of negotiations. The Nairobi Conference was indeed the launching-pad for an extensive negotiating process in such areas as commodities, technology, restrictive business practices, and the external debt of developing countries. In the period that has followed, UNCTAD has been deeply immersed in this negotiating process and has witnessed a level of activity really without parallel in the past. The negotiating process was certainly slow; results did not by any means come easily; there were at times—indeed for quite long times—disillusionment and despair, frustration and impatience. But I think I could say that in the end results have begun or are beginning to emerge, and there are now at least some specific accomplishments which would serve to give greater credence to the negotiating process.

In the last three years, since the fourth session of the Conference, we have registered some success in respect of relief of the official indebtedness of the poorer developing countries. Eleven donor countries have so far announced plans for the conversion into grants of the official debt of the poorer developing countries; this reflects the decisions taken in the ministerial meeting of the Trade and Development Board in March 1978. Other creditor countries are expected to announce their own actions. We have estimated in UNCTAD that these decisions will result in the cancellation of about \$6.5 billion of the official debts of these countries, representing an annual saving to them of about \$300 million in interest and amortization over a 20-year period.

There has been progress also in the area of commodities. An international agreement on sugar was successfully concluded, even though the process of ratification by all countries has yet to be completed. A few weeks ago an international agreement on olive oil—one of the products included in the Integrated Programme for Commodities—was also successfully renegotiated. Most significant, perhaps, was the agreement reached on the main economic provisions of a stabilization scheme for rubber, a vitally important commodity which has not hitherto been covered by an international agreement. Some days ago encouraging progress was also made in moving towards a specific negotiating conference on jute. We are hopeful that the second round of the Negotiating Conference on cocoa to be held later this year will also produce positive results. A wheat agreement has, however, eluded us so far, but the issue is of such great and overriding importance that it is unthinkable that an ultimate solution will not be found before long.

These have been developments in the field of individual commodity agreements. But perhaps the most striking development in the commodity area was the agreement reached in March this year on the fundamental elements of the Common Fund. The Common Fund was, as you know, the dominant theme at the Nairobi Conference. It came indeed to occupy a place of central importance in the entire North-South dialogue. Success in this endeavour of establishing the Common Fund

was, of course, not easy to come by. It took four rounds of negotiations before a final consensus on the fundamental elements was eventually reached. This has of course now been achieved, and we have to take satisfaction in that result. But there is still important and difficult work ahead in respect of the Common Fund. The agreement on the basic essentials has to be translated into articles of agreement. We have already set up procedures for this, and it is envisaged that this task would be completed before the end of this year. As I said, there is complex and difficult work ahead of us, but now at least we have a basis on which to build. The Common Fund, like any other institution, will need to evolve over time. But no matter how it is viewed, it does promise to represent a major innovation in the institutional field. It will be the first institution ever to be set up with a multi-commodity interest. It will be an institution capable of mobilizing substantial financial resources. It will be an institution whose establishment was pioneered in a sense by the developing countries which have committed their own resources to its capital structure. It will be an institution that will not only finance commodity stocks but also a range of other measures which are of vital importance to developing countries. Not least, the Common Fund will be an institution in which developing countries will have a bigger voice in the decision-making process than they have in most other financial bodies.

Over the last three years there has been some progress in other areas as well. The completion of work on the code of conduct on the transfer of technology is now at hand and would, I believe, follow quickly upon the resolution of a few basic issues of principle. Progress on the drafting of rules and principles for the control of restrictive business practices encourages us to expect positive results at a negotiating conference to be held later this year or at the beginning of next year. We can also be hopeful about prospects for the eventual adoption of a convention on international multimodal transport. All these are somewhat complex instruments, many of which, like the commodity agreements and the Common Fund, are of a legally binding character. Their establishment confirms the capacity of the United Nations system, and particularly of UNCTAD, to produce concrete results that extend beyond the formulation of broad goals and objectives.

The results achieved so far, however, are still partial. They certainly do not suffice by themselves to dispel the mood of impatience and disappointment that has prevailed over the slow tempo of progress. The concept of a new international economic order encompasses the need for many other actions, many other changes, in prevailing systems and relationships. In fact, a number of key areas and issues still remain relatively neglected. The Conference must therefore build on the results attained and continue to search for better relationships on a wider front. It is precisely this requirement that finds reflection in the agenda for this session. The agenda, as I have observed on many previous occasions, is wide-ranging and brings within its scope a number of vital issues on which specific actions and reforms remain imperative. The task of the present Conference is precisely to take these actions and to initiate the processes by which the changes called for could be accomplished.



The issues before the Conference have been set out in the documents presented by the UNCTAD secretariat on each of the agenda items. It is not my purpose on this occasion to analyse the issues involved at length or to enumerate the actions needed in any detail. But it is possible and perhaps helpful, all the same, for me to point to some of the major results that could possibly be expected from this Conference.

The problem of world trade in commodities continues to figure prominently on the agenda. Here, there is a need to build on the results achieved so far and to pursue the implementation of the Integrated Programme for Commodities in all its aspects. One of the major shortcomings in evidence during the last three years has been the extremely slow tempo of progress in bringing about international agreements on individual commodities. Many of the developments I listed a moment ago have occurred in fact over the last few weeks. The aim of the Integrated Programme is essentially to bring as many as possible of the commodities of interest to developing countries under systems of international market regulation. I must say our attempt to pursue this goal has so far not fulfilled the expectations that followed the fourth session of the Conference. As I have said before, rubber is the only product which promises to be the subject of a new agreement.

This picture needs to change in the period ahead. There is a need to launch a more purposeful drive to bring about arrangements of market regulation for a number of other products included in the Integrated Programme. This calls for a serious commitment to achieve this result—a commitment that has not been sufficiently in evidence in recent times, despite the endorsement by the developed countries of a policy of international commodity stabilization. Doubtless, the uncertainty over the Common Fund has influenced the progress of individual commodity negotiations. But with the Common Fund now in prospect, the Conference must launch upon a new and more resolute phase in the field of individual commodity negotiations. The Conference has also another specific task to which I would like to draw particular attention. It must act on the need for vigorous programmes in respect of other elements of the Integrated Programme. These include the processing, marketing and distribution of commodities and their transportation—the whole issue of the share of developing countries in these very vital processes. There is also the need for compensatory financing as a support to market regulation. This is also of relevance in this context. By pronouncing itself on each of these issues, this Conference would greatly further the implementation of the Integrated Programme and in this way bring about the restructuring of the world trade in primary products which is the essential aim of that programme.

There is a particularly strong expectation that this Conference will give special attention to the problem of trade in manufactures. In the recent period particularly, the developing countries have been deeply concerned by the trend towards protectionism in the industrialized countries. This is a phenomenon which could undermine and negate the whole effort of the developing countries at industrial transformation, and indeed

frustrate the restructuring of the international division of labour. The multilateral trade negotiations, whatever the results achieved, cannot be seen as having resolved this problem. It is imperative, therefore, that the international community turn to it in all seriousness and establish courses of action which would result in its abatement. We cannot be satisfied that there exists at present a satisfactory international understanding on how either the short-term or the long-term aspects of the problem of protectionism could be dealt with. Such codes as exist are partial and not based on universal consensus. Decisive action in this field by way of launching a new process of consultation and negotiation, within broadly accepted guidelines and principles that reflect a firm commitment to the containment and reversal of protectionism, could indeed be one of the major results of this Conference. If the Conference fails to act purposefully in this field, it would only mean that it has neglected one of the major problems of our time. The problem of protectionism is deeply relevant to the whole question of how the world trading system of the future would respond to and accommodate the industrialization of the developing countries. In the context of such industrialization, we cannot really assume that the open trading system as we have known it will indeed survive without deliberate policies and actions—on the part of the industrialized countries in particular—to ensure these results.

Issues in the field of money and finance are before this Conference. The Conference has several opportunities before it in this area. It must revitalize the processes leading to a reform of the international monetary system, particularly by identifying the requirements of a system that would foster trade and development. The thrust towards reforming the international monetary system seems somehow to have stalled. We have had in its place improvisations and *ad hoc* measures, and I do feel that the time has come to give serious thought to the need to setting this process along its track once more. The Conference must also pronounce itself on the need to rectify the gross inadequacy of the existing facilities in providing, on appropriate terms and conditions, financial support to developing countries in respect of their balance-of-payments deficits. Recent developments have served to enlarge the dimensions of these deficits, but for the present the responses by way of measures of accommodation have proved to be quite inadequate. This issue is related to the whole question of the adjustment process, particularly as it affects developing countries, and the Conference can make a crucial contribution by the decisions or recommendations it adopts on this issue. In this connection, of particular interest is the question of establishing a medium-term balance-of-payments facility that can help developing countries to bring about a more development-oriented adjustment in their economies in the context of factors that are often beyond their control—factors such as inflation, recession and limitations to market access brought about by the rise of protectionism.

More actions are also needed in the field of debt. The implementation of the decision of the ministerial meeting of the Trade and Development Board in March 1978 is still incomplete. In addition, there is an

opportunity for the Conference to adopt a new framework of guidelines, or principles and features, to deal with the future reorganization of the debts of interested developing countries. No such framework exists at present, and a decision by the Conference on this subject can represent a major contribution to the evolution of international policy in respect of the problem of external indebtedness. The Conference is also called upon to endorse the need for a wider framework of international financial co-operation whose purpose would be to ensure that the several elements and instruments of financial co-operation are mutually supportive and consistent and, above all, adequate in terms of the magnitude of the problems in this field.

Economic co-operation among developing countries is also a subject that figures prominently on the agenda of the Conference. The theme of collective self-reliance was the keynote of the Declaration of the developing countries meeting in Arusha in preparation for the fifth session of the Conference. Whilst the content of co-operation among the developing countries is essentially a matter for these countries, there is a need for the international community to recognize this process as constituting a major dimension of international development policy and to give support to it in specific areas. In particular, the Conference has to find a means by which the United Nations system in general, and UNCTAD in particular, could provide support to the process of ECDC in a manner that would facilitate negotiations among these countries, against a wider background of a universal endorsement of the process by the international community as a whole. Out of this Conference should emerge a major programme of activity for UNCTAD in the field of ECDC.

I referred earlier to the progress made on the code of conduct on the transfer of technology. There remain some outstanding issues of a wider political character which this Conference could help resolve. If it succeeds in this, it would clear the way for the finalization of the work on the code and its adoption as a useful instrument of international policy. Besides this, there are issues related to the revision of the industrial property system and to the developmental aspects of the reverse transfer of technology on which again the Conference could make positive contributions. There is yet another important dimension to the problem of technology to which the Conference must also turn. This concerns the manner in which the developing countries could proceed along the path of their technological transformation through the building up of their own technological capability, supported by complementary measures on the part of the international community. UNCTAD has already contributed usefully to this goal. But it would do much more within the framework of a strong mandate to pursue this objective.

In the field of shipping, the Conference has in particular two tasks to perform. It has to give attention to the need for member countries to ratify the Convention on a Code of Conduct for Liner Conferences so as to bring it into effect and, no less fundamental, it has to launch a programme of activities that would help the developing countries to expand their own merchant marines. There are many facets to this objective and

there is a need for a concerted and effective programme in this area.

The subject of trade between countries with different economic and social systems has been on the agenda of previous sessions of the Conference. The agenda item refers to all trade flows and reflects the wide mandate of UNCTAD as an organization in the field of trade and development. In the present setting, there is a need to approach this issue of trade between countries with different economic and social systems in the light of the requirements of a new international economic order and of the restructuring of international economic relations. The great potential in this area has in my view still to be utilized or exploited, and the Conference could provide a new impetus to this task by giving this issue high priority and by identifying additional possibilities and modalities that serve this end.

The special problems of the least developed countries are a separate item on the agenda for the Conference. This is indicative of the urgency of the problems facing these countries and of the fact that, despite the commitments to pay special attention to their needs, performance in these countries has lagged behind that of many other countries and regions. The recognition of the special problems of these countries needs to be matched by actions in many fields, particularly in the field of the transfer of resources. UNCTAD has a specific mandate to address itself to these problems. It has the responsibility for evolving appropriate strategies which will remove the severe handicaps to the development of these countries and thereby help to eliminate the hard core of poverty in the world community. This session of the Conference has before it a comprehensive programme in this area and is called upon to take decisive measures for its implementation.

The problem of the land-locked countries and the island developing countries is also on the agenda for the present session. The documents presented by the secretariat have outlined the actions that are possible and indeed necessary in this field.

I have said before that the dominant theme of this fifth session of the Conference is the theme of structural change. I have meant by this that the problems in each of the areas which form the agenda cannot be approached or resolved by marginal adaptations to existing systems, but that they require changes of a more basic character which would result in a restructuring of existing relationships. I feel strongly that both the developed and the developing countries, the entire international community in fact, have a common interest in this restructuring. This is true no matter to what item on the agenda we turn. It is true of the field of commodities; it is true of the field of trade in manufactures; of the area of money and finance, of technology, and of co-operation among the developing countries themselves. But whilst the theme of structural change is relevant to each of the items on the agenda, it is also the subject of a separate agenda item which invites the Conference to examine the possibility of some actions of a more general but concrete character. One of these actions relates to the manner in which the interdependence of issues in the field of trade, money and development could be taken into reckoning in the formulation of

policy, both national and global. At present, the interdependence of issues is well recognized, but no mechanism exists to assist in the analysis of such interdependence and to help draw conclusions from it as an aid to policy formulation. The Conference is called upon to take a decisive step in this direction by establishing an appropriate mechanism which could deal with the problem and bridge the gap that now exists.

More fundamentally, the Conference is also invited to give attention to the need for what has been described as the evolution in the basic rules and principles that govern international economic relations. These rules and principles were formulated at an earlier period, and their relevance to the needs of the day have to be examined in the light of all the developments that have taken place in the years that have gone by since they were first established. The relevance of the present rules to the needs of the developing countries and to the socialist countries is of special significance in this context, since the needs of these countries were hardly taken account of at the time of the formulation of these rules. But I would also like to add that the relevance of these rules to the developed market-economy countries is itself of importance in the context of the several developments of recent years. A number of important components that should be integrated into any system of rules and principles already exist, but remain outside the present framework. These include many concepts, internationally endorsed, such as the new international economic order and the Charter of Economic Rights and Duties of States, the principles of the Integrated Programme for Commodities, the codes in existence or about to be adopted on shipping, on technology, on transnationals, on restrictive business practices, on multi-modal transport. They include the process of integration in Europe, a major development of our times, the move towards economic co-operation among developing countries, as well as the emergence of the socialist countries as active participants in world trade. These developments are all part of the reality of our times, but they find no reflection in a coherent and consistent framework of rules and principles. The present Conference is not of course called upon to take immediate actions in this field; this could be a task for the future; but the Conference could initiate steps and generate processes that could lead to and influence the

necessary evolution of rules and principles that guide international economic relations.

If the Conference were to succeed in taking actions on the lines I have indicated, I believe that it would prove to be a major and constructive event. It would provide orientations and directions for a number of years to come, and make a vital contribution to the strategy of development for the 1980s. But in many areas the Conference would be initiating or launching new processes of negotiations. Indeed, out of this Conference should emerge a framework of negotiations in each of the key areas that calls for changes in existing relationships and structures. In this way the Conference would build further on the initial decisions taken at Nairobi. The emphasis on the need for negotiations at the present juncture makes it necessary to turn also to the instruments through which these negotiating processes are undertaken. In recent years UNCTAD has served as the centre for negotiations on many and indeed most of the issues relevant to a new international economic order. This fact has itself transformed the character of UNCTAD. As I have said before, the negotiating process in UNCTAD has already begun to yield results. But if the process is to be extended into the future, as indeed it must, there is a need to turn to the ways in which UNCTAD as an organization could be adapted and equipped to discharge its new role. The rules, procedures and operational methods of a major negotiating forum are not necessarily those that are appropriate to a department or unit of the United Nations system charged with the analysis of problems and the servicing of debates. The negotiating process has its own imperatives which must be satisfied if the process itself is to be assisted and properly serviced. It is for this reason that the Conference must give the most serious attention to the way in which it wishes UNCTAD to evolve and function in the period ahead. It must give its attention to such questions as the stature of UNCTAD as an international organization and as an instrument of the General Assembly, to the degree of flexibility at its command, to the resources made available to it, and to the structure of its intergovernmental machinery. The issue is not a routine one: it is intimately linked to the entire quest for a restructuring of international economic relations and the need to bring about major changes in the 1980s. Decisive action by the present session on this issue would itself constitute a major outcome of the Conference.

**Statement made at the 152nd plenary meeting, on 10 May 1979,**

**by Mr. Jean Ripert, Under-Secretary-General, Department of International Economic and Social Affairs**

It is an honour and a profound pleasure for me to address this fifth session of the United Nations Conference on Trade and Development. In doing so, I should like to follow the admonition of our President, Mr. Carlos P. Romulo, that speakers should be brief. My own comments will focus only on selected issues in the area of international finance and trade—issues which are of the

highest importance to the development process and which also have significant implications for the world economy as a whole. These comments draw on the documentation prepared by the UNCTAD secretariat and on the excellent and comprehensive introductory statement made by Mr. Gamani Corea, as well as on research and analysis currently being carried out in the

Department of International Economic and Social Affairs, in co-ordination with other United Nations bodies and agencies.

This session of the Conference takes place at a time when the world economy is experiencing a serious loss of momentum. In 1978, the growth of world output decelerated noticeably, particularly in developing countries, which collectively registered a rate of growth of GDP of only 4 per cent. This contrasts quite unfavourably both with the rate of 6.2 per cent recorded during the 1971-1975 period and with the 6 per cent target set in the International Development Strategy. Moreover, the slowdown of growth in 1978 follows on weaker growth trends that have been in evidence for several years. Of particular concern is the slow expansion in the economies of the poorest countries. For the least developed countries, the growth rate of per capita GDP averaged less than 1 per cent during the period 1976-1978.

Impulses for growth in the world economy are currently quite weak. In most developed market economies, inflation remains stubbornly high, and the policy dilemma resulting from the need to deal simultaneously with inflation and weakness in external payments seems likely to continue to result in policies that restrain growth below feasible levels, thereby generating high levels of unemployment. In the centrally planned economies, the pace of expansion is being influenced by some intersectoral imbalances and capacity bottlenecks—especially in the energy, raw material and transportation sectors—and by the increasing difficulties that these countries are experiencing in expanding their exports to the market economies.

For 1979, growth rates are not likely to recover either in the developing countries or in the industrialized economies. In fact, a further substantial slowdown in growth and a quickening of inflation is widely expected in the developed market economies. Given present policies, it is difficult to see how these trends could be reversed in the near term.

This outlook provides a particularly sombre backdrop to the efforts to formulate a new international development strategy that have just begun. A reversal of current economic trends is required if acceleration of the pace of development is to be realized. This will necessitate widespread changes in current policies, including a more co-ordinated approach internationally to the major policy problems. It will also require decisive movement towards the structural transformation of the world economy needed to bring about a new international economic order, including a more equitable participation of the developing countries in the world economy and a reduction in the gap in living standards between rich and poor countries.

If significant progress towards these objectives is to be made over the next decade, the pace of economic advance in developing countries will have not only to surpass that actually achieved during the 1970s but also to exceed the growth rate targeted by the present International Development Strategy. A recent study undertaken by the Department of International Economic and Social Affairs has shown that, if growth in the least developed and other low-income countries is to generate

a steady advance in per capita incomes, so that these may be doubled by the year 2000, growth rates will have to accelerate dramatically. This, together with the need to enhance growth in other developing countries, will require GDP growth rates for developing countries as a whole to reach a range of 7 per cent to 7.5 per cent, on average, during the 1980s.

I should emphasize that the more rapid growth in low-income countries to which I have just referred will be feasible only if special efforts are made to improve agricultural performance in their economies. Our studies indicate that agricultural production would have to advance by about 4 per cent during the 1980s, as compared with about 2 per cent in the 1970s.

Acceleration of the growth of developing countries also implies a substantial increase in the participation of these countries in world industrial production. Developing countries themselves would absorb a large part of the increase, and this would be reinforced by more intensive economic co-operation among them. However, decisive expansion in the role of developing countries as producers of manufactures implies enlarged and sustained access to the markets of developed countries.

Trade liberalization and the long-term restructuring of world production would benefit all groups of countries. Protectionist policies have adverse effects on the exports and growth prospects of developing countries. By protecting relatively inefficient sectors both in industry and in agriculture, they also hinder the structural changes which are needed within the developed market economies to ensure the maintenance of dynamic growth, and they impede the efforts of those countries to reduce inflation.

Although this point is widely accepted as a general proposition, it frequently fails to find expression in specific policy decisions. This reflects difficulties in dealing with the unemployment that results from low rates of growth. Thus, at the same time as changes in the structure of world output are a necessary ingredient in efforts to revitalize the world economy, the pace at which this restructuring can proceed is retarded by the poor economic performance of developed market economies.

One consequence of this situation is that, while some progress towards reinforcing an open trading system was made in the recently concluded multilateral trade negotiations, the agreements reached are unlikely, by themselves, to reverse the protectionist trends impinging on the exports of developing countries, or even to arrest those trends.

Concrete measures designed to facilitate structural change in the world economy are thus required. Of equal urgency is the need for rapid and sustained advance in levels of ODA. Our calculations indicate that attainment of growth objectives of the magnitude I mentioned a moment ago, and particularly the rapid expansion of agriculture in low-income countries, would require flows of ODA equal to about 0.75 per cent of the GNP of developed countries.

In assessing the effort this entails, it should be borne in mind that the developing countries constitute important markets for the exports of developed countries, and

in 1977 absorbed one quarter of all exports from the developed market economies, and close to 30 per cent of their manufactured exports. Measures to enhance the external purchasing power of developing countries would thus contribute to raising levels of aggregate demand in the world economy. And a revitalized world economy, in turn, would create conditions in which adjustments in structures of production could proceed at a more rapid pace.

A rapid increase in official flows to developing countries is also required in the light of the effect of inflation in the world economy on the real value of such flows. Indeed, the implications of inflation have not always been fully taken into account in the analysis of the external situation of developing countries. When current account deficits of non-oil-exporting developing countries are measured relative to the export earnings or domestic product of these countries, the deficits are seen to have diminished significantly in recent years, and to be smaller than they were in the early 1970s. This reflects, in part, the balance-of-payments adjustments undertaken by developing countries in recent years, which have been quite substantial. It also reflects the impact on developing countries of price inflation in the world economy, which raises their external financial requirements while reducing the real value of available flows. This has been particularly troublesome for countries that depend on official sources of finance, the value of which is not always adjusted to reflect changes in prices. More extensive financial budgeting in real terms may therefore be helpful as part of the process of accelerating the flow of development finance.

Difficulties in managing the external accounts have contributed substantially to the poorer growth performance of developing countries in recent years. Although considerable innovation in the provision of balance-of-payments finance has characterized this period, there is ample evidence that the needs of developing countries have not been adequately met. In particular, a study recently undertaken at the request of the UNCTAD secretariat has shown that there is a need for increased provision of medium-term balance-of-payments finance on appropriate conditions. This would help protect the development process from events which threaten to disrupt it, such as sharp or widespread changes in the prices of traded goods or a slowdown in the pace of economic activity in the developed market economies.

Effective mechanisms to stabilize earnings from the export of commodities constitute another aspect of a system for protecting the external purchasing power of developing countries from the vagaries of the interna-

tional economic situation. One of the major uncertainties affecting the development prospects of a large number of countries, especially the lower-income countries, is the large fluctuations to which primary commodity prices are subject. The recent agreement to set up the Common Fund is a welcome move towards attaining the objectives of greater price stability for primary commodities. But this agreement now needs to be followed by speedy adoption of the other aspects of the Integrated Programme for Commodities, particularly the conclusion of meaningful international commodity agreements. Proposals to stabilize directly earnings from commodity exports also merit careful consideration.

In sum, measures in the areas of external finance and trade are not only essential elements in an international strategy for accelerating the development of developing countries but also serve to facilitate sustained growth in the world economy. It is thus crucial that, in addressing these topics, the Conference bear in mind that progress on these two fronts would not only signify movement towards meeting the moral and political imperative of improving opportunities for two thirds of the world's population but would, in addition, be instrumental in changing the outlook for the world economy. Although measures to increase the flow of long-term financing and to improve the export outlook for developing countries imply difficult political decisions, the obvious potential gains mean that these difficulties can and should be overcome.

At this juncture, there is an urgent need to dispel the uncertainties that are clouding the outlook for the world economy. In this regard, particular attention should be given to the role that a comprehensive programme for meeting the financial needs of developing countries could play in dispelling doubts regarding the capacity of Governments to deal effectively with the economic issues confronting the international community.

More generally, short-term and long-term policies to sustain development and promote the necessary structural changes must become an integral part of the international co-ordination of economic policies. Since the developing countries are vitally affected by policy decisions taken at the international level and their needs and interests are involved, decisions regarding the evolution of the world economy should be arrived at with their full and effective participation. This is required if we are to evolve an international economic order that meets the needs of all members of the international community. It is my hope that the results of this Conference will mark a decisive step in this direction.

**Statement made at the 158th plenary meeting, on 14 May 1979,**

**by Miss Margaret J. Anstee, Assistant Secretary-General, Department of Technical Co-operation for Development**

Mr. President, I am honoured to take part in this important Conference on behalf of the Department of Technical Co-operation for Development and I wish to extend my sincerest congratulations to you and to the members of the Bureau on your election to the high of-

fices of this esteemed gathering. I share the sentiments expressed by all participants that, under your most able leadership, the fifth session of the United Nations Conference on Trade and Development will make fruitful progress towards the forging of a more viable and

equitable international economic system and the realization of the goals of the new international economic order.

On a more personal note, may I express my great pleasure at finding myself again in Manila, after an absence of 25 years. I had previously spent over two years here, helping to set up one of the first technical assistance programmes of the United Nations system, and the Philippines was my first United Nations posting. So it is with a considerable degree of emotion and nostalgia that I am revisiting old haunts. Much has changed almost beyond recognition, and many of the changes testify that development has taken and is taking place, despite the many constraints on that process which concern us here. One thing that happily has not changed, however, is the traditional and incomparable hospitality of these islands and their peoples, which it is a joy to rediscover.

The main issues before us—trade, commodities, finance, the transfer of real resources and the formulation of a code of conduct for the transfer of technology—are of vital concern to the developing countries in meeting the challenges posed by development. It is through the negotiations in this forum on these issues that equitable international regimes can be set in place to respond to the needs of the developing countries and to ensure the continuing evolution of an orderly global economic system which serves the interests of the international community as a whole.

Commodity trade and finance are vital factors in development. The transfer of real resources to the developing countries and access to technology on reasonable terms are equally essential components of an international action programme to support the development efforts of the third world. It is the challenge before this body to act affirmatively on these critical issues.

But the path to the self-reliant economic and social development of the developing countries individually and collectively requires additional measures. These concern the building of technical and institutional infrastructures in developing countries that will permit them to carry forward a self-sustaining, more self-reliant development programme in accordance with their own priorities and aspirations. It is here that technical co-operation can play a pivotal role. It is here that technical expertise can be made available bilaterally and multilaterally to assist developing countries in building the foundations for self-reliance.

Experience has shown that capital assistance and development assistance cannot be divided, and the lesson for the decade to come is that considerably greater overall transfers of resources are both necessary and possible. An important corollary is that a greater share of these resources should be channelled into technical co-operation programmes through which the "absorptive capacities" of the developing countries can be strengthened to ensure effective use of future aid flows as well as of resources generated internally. In the past, technical co-operation has been the Cinderella of development co-operation. Perhaps the time has come to change this. A first important step would be for the international community to direct its attention to estimating technical co-operation needs—to identifying

the demand for technical assistance in developing countries in furthering their economic and social progress—rather than continuing to rely on a system based on the supply or availability of resources for this purpose, which bears no relation to real requirements. In short, much more could be done through technical co-operation, but it will take the commitment and political initiative of Governments to make that possible.

The Department I have the honour to represent is the operational arm of the United Nations Secretariat responsible for the management and implementation of technical co-operation activities directed to strengthening national capabilities in the exploration for mineral, energy and water resources and their development; the planning of economic and social development, including rural development; statistics; population; and public administration and finance. In short, it is concerned with what one might term, in the broader sense, the infrastructure of the development process.

I believe that the key role which technical co-operation can play both in bringing about a new international economic order and in contributing to the redefinition of the International Development Strategy, and the achievement of its goals, is not always sufficiently recognized. Let me give a few examples of what I mean.

While the agreement reached in March on the Common Fund represents a significant achievement and shows that, where there is political will, we can make progress towards resolving the issues lying at the heart of North-South relations, it addresses only partially the raw materials problems of developing countries. To the extent that developing country producers can count on a more stable and relatively predictable flow of export-generated finance, their ability to plan and maintain a progressive, unimpeded programme of economic and social development will be enhanced commensurately.

Over the past four years, the developing countries have accounted for 91 per cent of world petroleum exports, 89 per cent of tin exports, 68 per cent of phosphate rock exports, 53 per cent of manganese exports and 40 per cent of iron ore exports, to cite just some of the more significant mineral commodities. As these figures suggest, assistance to the developing countries in identifying, evaluating and exploiting mineral resources is of great significance not only to the developing countries but also to the international economy as a whole. As an institution deeply involved in the natural resources sector, the Department carries out an active UNDP-financed technical co-operation programme to help developing countries to explore and develop their mineral resources potential, in accordance with the principle of permanent sovereignty of States over natural resources. In the past 20 years, total UNDP expenditures and commitments channelled through the Department in this area have amounted to more than \$150 million, which have financed direct exploration projects, training of local personnel and the establishment or strengthening of national institutions. These technical co-operation efforts have led to the discovery of significant mineral deposits in many developing countries, including, for example, copper at Mamut (Malaysia), La Caridad (Mexico) and Los



Pelambres (Chile), manganese at Tambao (Upper Volta) and iron ore at Mt. Nimba (Guinea). They have also helped to establish geological surveys and technical laboratories, to train local personnel, and to transfer and apply essential know-how and technology.

Two international expert groups, convened in 1977 and 1978 by the Secretary-General of the United Nations, concluded that expenditures for exploration for non-fuel minerals over the next decade might be in the range of \$350-\$650 million per annum (in 1977 constant dollars) and that investment needs for mining and mineral processing projects in developing countries during the period to 1990 would be on the order of \$4 billion annually (in 1977 constant dollars). But in recent years there has been a trend in investment away from developing countries where known and probable resources are located. If that trend continues, supply bottlenecks could materialize in the long run to the detriment of developing countries and the international community as a whole. Given the importance of private enterprise as a major source of investment capital and technology, the negotiation of equitable mineral exploration and development agreements by the developing countries with foreign enterprises can play a central role in improving the distribution of investment for mineral resources development. It is in this context that the Department of Technical Co-operation for Development provides advisory assistance to developing countries in the formulation of mining codes and mineral exploration and development agreements, an activity to which the Arusha Programme attaches particular importance. Moreover, the Department can also be instrumental in investment follow-up activities assisting Governments, at their request, in obtaining funding necessary to follow preinvestment work.

As we approach the threshold of the 1980s, the international community must recognize that energy is critical to the achievement of many of the development goals delineated by the General Assembly at its sixth and seventh special sessions, by the Lima Declaration, by the Conference and in other forums. If the developing countries are to achieve a 25 per cent share of industrial production by the year 2000, if they are to derive the benefits accruing from increased local processing of raw materials and, in fact, if their economic and social aspirations are to be realized in the context of a new international economic order, they must be assured an adequate supply of energy.

Having relied on readily accessible and low cost petroleum imports for many years, many energy importing developing countries remain today fundamentally unexplored areas with modest national infrastructures to map out their energy future. Some estimate that as much as half of undiscovered petroleum reserves are located in developing countries. Moreover, significant reserves of hydropower are to be found today only in the developing countries, which makes it economically feasible and desirable to establish energy-intensive industries such as electrical metal smelting in those developing countries where this potential exists. By exporting a product with a metal content of 100 per cent rather than an ore or a concentrate with only 30-60 per cent metal, important transport savings which ultimately

translate into fuel economies can result, in addition to other benefits that are derived from increased local processing.

Now that the economics of energy development have undergone a major transformation and petroleum is depleting against the demands of an expanding world economy, there is a priority need for the developing countries to develop their indigenous resources so as to meet a greater share of their total energy requirements from local sources in the years ahead. It is clearly in the interest of the international community to support measures that can broaden the energy resource base in the developing countries and, concomitantly, expand global energy supplies.

In this task, not only will significant finance and investment be required but also assistance in building the technical and institutional infrastructures essential to the establishment of a self-sustaining capacity in the developing countries for implementing energy development programmes. This points to the critical role for technical co-operation.

The Department of Technical Co-operation for Development provides assistance to Governments in undertaking energy resources surveys, strengthening national capabilities for energy planning, establishing or supporting national energy institutions (e.g. State petroleum enterprises, applied research and development institutes), training technical and managerial personnel, and facilitating the transfer and application of conventional and non-conventional energy technology through projects financed by UNDP and UNEP, and advises on petroleum exploration and development agreements. It also promotes technical co-operation among developing countries, as exemplified by its role in organizing, in co-operation with the Government of Austria, the United Nations Interregional Symposium on State Petroleum Enterprises in Developing Countries, which convened in Vienna from 7 to 16 March 1978.

Although the financial resources available to the United Nations system for technical co-operation in the energy field do not approach even the minimum level required to address the needs, the expanded lending programme of the World Bank for petroleum exploration in developing countries is a positive initiative. The Department of Technical Co-operation for Development looks forward to working closely with this programme.

In recognition of the long-term nature of the energy problem and its importance to continued economic and social development, the General Assembly at its last session decided to convene a United Nations conference on new and renewable sources of energy in 1981. The conference will examine the status of technology for 15 new and renewable sources of energy, assess the potential for harnessing such sources in developing countries to meet their requirements, and identify measures to be taken during the 1980s to promote their use and development, including the transfer of technology and issues of finance. Under the overall guidance of the United Nations Director-General for Development and International Economic Co-operation, the Department of Technical Co-operation for Development expects to

work closely with the Secretary-General of the conference in organizing its preparations.

In the natural resources field, our Department has also actively supported projects for multi-purpose development of international river basins. These multidisciplinary projects have made possible the development of international river basins in accordance with the economic and social plans of riparian countries, while facilitating concrete multinational integration, economic and technical co-operation among developing countries and regional planning.

The building of an effective planning infrastructure is also of vital importance to developing countries. The Department has played a significant role in providing assistance to developing countries, first in establishing national institutions for economic and social development planning and, secondly, in helping them to carry out their plans. Here I would like to stress once more the critical importance of technical co-operation, because it addresses one of the fundamental elements in the process of transformation: the development of human resources both as a means and as an end in the quest for better living conditions and an enhanced quality of life for all. Development is nothing if it is not humanistic. It must be brought about by human beings, and it must be for human beings. This often seems to me an aspect that does not receive sufficient attention in development plans, partly because the financial requirements often appear more pressing and partly because no suitable methodology exists. I am sure that development plans would more often achieve their targets if they included a human resources plan as well as an investment plan.

Through our experience in planning, it has become apparent that provision of certain production and investment targets in a plan is not a sufficient condition for determining their implementation. In effect, projects are the bricks of which a plan is made, and many plans lack bricks. Even if financial resources are available from domestic or foreign sources, the insufficient capacity for project elaboration and implementation severely limits the ability of countries to achieve a dynamic pace of development.

In response to this need, and following requests from several countries, the Department has contributed in the last two years to the establishment of national organizations for project preparation, evaluation and implementation, e.g. in Benin, Rwanda and Gabon. Such "national project bureaux" include the services of technicians, economists, accountants, market researchers, legal specialists, etc., who prepare bankable project portfolios for financing by foreign donors and national development banks and advise the Government on the suitability of proposed projects from the national economic point of view.

These planning teams and the project bureaux constitute focal points for raising the awareness of the potential for regional integration activities and for intensified technical co-operation among developing countries.

As this activity illustrates, we are conscious of the need to seek at all times a flexible and dynamic concept of technical co-operation that will respond more effectively to the differing characteristics and requirements of developing countries in moving forward on the path to self-reliant development, thus helping to realize the goals of the new international economic order at the country level and at the same time promote technical co-operation among developing countries.

Of equal importance to the attainment of national development objectives is the existence of a strong public sector, trained civil servants and well run public enterprises. The Department of Technical Co-operation for Development accordingly plays an active role in helping developing countries to strengthen their public managerial, administrative and institutional capacities. During 1978, for example, Burundi, Iraq, the United Republic of Cameroon, Ecuador, Jamaica, Mali, Niger and Peru were recipients of assistance in these areas.

The proposed comprehensive action programme for the least developed countries warrants the most serious attention of this Conference. Since our Department has a special competence in economic and social development planning, it is well suited to help carry out the Arusha Programme recommendations in this regard (item 15 of the agenda).

The proposals for intensified action to promote economic co-operation among developing countries are of equal importance. Here I would like to mention the assistance we have given to the trade, transport and industry component of the Action Programme for Economic Co-operation among the non-aligned and other developing countries. The Department's activities have included support to producers associations, co-operation among national State trading organizations and assistance in the field of pharmaceutical development. Characterized by the joint participation of UNCTAD, WHO, UNIDO and the Department of Technical Co-operation for Development, the achievements of the Action Programme may stand as a useful example for future efforts of this kind.

This brief enumeration of some of the activities and main objectives of our Department is intended to convey our affinity with the aims of this Conference and our readiness to respond to the needs and requirements of the developing countries as articulated in the Arusha Programme.

As we meet today, there is broad recognition that interdependence is not a mere slogan but an economic reality. It is the challenge of the coming decade to build a more equitable and viable new international economic order in which independent nations can pursue their economic and social objectives on a basis of enhanced self-reliance in an interdependent world. A new international development strategy should guide this quest. Our Department stands ready to assist the developing countries in translating targets and goals into tangible achievements through technical co-operation and pre-investment activities.

**Statement made at the 150th plenary meeting, on 9 May 1979, by Mr. Klaus A. Sahlgren,  
Executive Director of the United Nations Centre on Transnational Corporations**

It is an honour and a privilege to be given the opportunity of addressing this fifth session of the United Nations Conference on Trade and Development. I would like to join all those who have expressed their deep appreciation to the Government and people of the Philippines for hosting this important Conference with such warmth and efficiency.

The fifth session of the Conference represents an important event in the process of change which the world community is seeking. This meeting is all the more important since it is taking place at a time when the United Nations is preparing the new international development strategy as a means of achieving the objectives of the new international economic order.

The Programme of Action on the Establishment of a New International Economic Order calls for a shift in the prevailing pattern of trade and production. It calls for the promotion of equitable global distribution of productive capacity and the accelerated industrialization of developing countries. It calls for a greater share for developing countries in processing, marketing and distribution. It also calls for the rapid growth of the technological capacity of developing countries. In all of these transnational corporations are an important factor. It is thus not surprising that transnational corporations have been an acute issue in the North-South dialogue.

Transnational corporations have exercised a major, and often decisive, influence in numerous production sectors. Their role in the mobilization of financial resources, and even more so in the development of technology, as well as their experience in international operations, continue to place them in a particularly advantageous position. Their subsidiaries and affiliates exercise a major, sometimes a dominant, role in various production sectors in developing countries. Even in the raw materials sector, where significant changes have taken place, the integrated nature of their operations enables them to continue to play an important role.

It is widely recognized that transnational corporations can contribute significantly to the process of industrialization, provided their objectives and activities are compatible with the development objectives of the host countries. This requires well-defined policies and programmes on the one hand and a positive and responsive approach on the other. The awareness of this need is reflected in the increasing emergence of policies and regulations on foreign direct investment and technology inflow. To an increasing extent, host developing countries have in different ways and to different degrees defined policies concerning foreign capital ownership and the extent and pattern of domestic participation in both equity and decision-making; the terms and conditions of foreign technology inflow; as well as the parameters governing different forms of non-equity contractual arrangements.

With growing domestic industrial and technological capability in developing countries, there is an increasing

trend towards greater selectivity and more effective national participation in the operations of transnational corporations. This has both resulted from and contributed to the strengthening of the negotiating capacity of a good number of developing countries.

The exercise of selectivity has often taken the form of defining specific sectors in which investment by transnational corporations may be channelled or the form and extent of foreign ownership permitted in particular fields. Such an approach has had a considerable effect in changing the pattern of foreign ownership, not only in new investment propositions but also in existing foreign holdings in several sectors in a number of developing countries. Greater selectivity is also reflected in the growing tendency to unpackage technology by separating it from other elements of foreign investment, and also by disaggregating various components of technology which are usually sold as a bundle.

Greater domestic participation and control has been sought through the use of various instruments, such as rules and regulations relating to industrial licensing and foreign investments, commercial policy, exchange rate and credit policies, policies on processing and domestic content, and policies on employment of expatriates. While these instruments have been found useful in regulating certain types of activity by transnational corporations, they are useful only within limits as a means of bringing about affirmative action, such as expanding output or local content. More effective participation in decision-making at the enterprise level would appear to be necessary if host country objectives are to be adequately fulfilled. The extent to which this is possible will depend on the expertise and capability of national partners and participants in joint enterprises with transnational corporations. Policies relating to domestic participation and control may therefore need to be geared to the rapid growth of such capability by domestic partners, including representatives of financial and technical institutions participating in a particular enterprise at the various stages of negotiation, implementation and plant operation.

In respect of foreign technology, a number of developing countries have established regulatory mechanisms and have prescribed guidelines governing contractual conditions. Such guidelines, which generally relate to various contractual terms such as remuneration, duration, tie-in and other restrictive provisions, have had a substantial impact on the conditions governing foreign technology inflow in several countries. While the future role of the transnational corporations will continue to be significant, in respect of technologies specific to each firm and access to technological innovations as well as of managerial and marketing techniques, many developing countries seek to ensure that technology inflow is channelled in such a way as to bring about a genuine transfer and absorption. This is often accompanied by greater attention on the part of governmental agencies and domestic enterprises to the

choice of technologies most suited to national situations and to the greater use of techniques and processes which are available or can be developed indigenously. There is also greater insistence on maximum use of domestic supplies and capabilities, as well as incentives and assistance for local R and D activities.

While well-designed policies and regulations will assist in avoiding undue technological dependence on transnational corporations, there is no substitute for the efforts of domestic enterprises to absorb technology, to keep abreast of innovations, and to develop their own R and D capabilities. This may necessitate financial assistance and incentives at the national level, supplemented by international programmes for building the science and technology potential of developing countries.

The role of transnational corporations in the natural resources sector has undergone significant changes as a result of greatly increased participation and control by producing countries at the extractive stage. However, developing countries are still dependent on transnational corporations for processing and access to markets in developed countries. The international community has underlined the urgent need to increase significantly the processing of raw materials in developing countries. While developing countries, through a variety of policies and measures, have been able to increase the value added, and this trend will certainly continue, these efforts would be greatly accelerated if the prevailing tariff structure in developed countries did not favour non-processed over processed goods. The elimination of this differential would contribute significantly to improving this situation.

A more equitable relationship with transnational corporations also necessitates the rapid development of information and negotiation capabilities on the part of institutions and enterprises in host countries. An adequate information network would provide an essential base, but needs to be complemented by increased domestic knowledge and capability in dealing with transnational corporations. Although such capability has increased rapidly in certain countries, it requires more specific and concerted efforts in the case of other developing countries.

I have touched upon a number of areas where action at the national level has and will continue to bring about progress towards a more equitable relationship between transnational corporations and host developing countries. These national efforts can be significantly underpinned by international action, and in particular by the development of equitable international norms and arrangements, as well as by technical co-operation which assists developing countries in strengthening their capability of dealing with transnational corporations. The United Nations has increasingly become the vehicle of the international community for these purposes. Various United Nations organizations and agencies, such as UNCTAD, UNIDO and ILO, have been active in this field. The establishment a few years ago of the United Nations Commission on Transnational Corporations and of the United Nations Centre on Transnational Corporations reflects the importance attached by

Governments to increased international action on matters related to transnational corporations.

The United Nations Commission on Transnational Corporations decided to give the highest priority to the development of a code of conduct. To this end, it established an Intergovernmental Working Group, which has been working for the last two years in an atmosphere of urgency and of constructive dialogue. I am happy to report that substantial progress has been made. The Working Group has not only been able to avoid divergent fixed positions but has in fact managed to reach a stage where draft formulations cover almost all the topics of the outline of the code. Although not yet an agreed text, a number of the formulations appear acceptable as they stand.

The present set of formulations bring out clearly the comprehensive nature of the code. It deals with general principles and issues, such as respect for national sovereignty and adherence to economic goals and socio-cultural objectives, respect for human rights, non-interference in internal political affairs, and non-interference in intergovernmental relations. The economic, financial and social principles include provisions regarding ownership and control, balance of payments and financing, transfer of technology, employment and labour, consumer protection and environmental protection. Provisions on disclosure of information make up another important section. Finally, a section entitled "Treatment of transnational corporations by countries in which they operate" covers such issues as national treatment, clarity and stability of laws and regulations, nationalization, compensation and jurisdiction.

The Working Group has of course followed closely the negotiations in UNCTAD concerning the transfer of technology and restrictive business practices. I would like to take this opportunity to pay tribute to UNCTAD and its secretariat for their pioneering efforts in these areas. Since the code of conduct being prepared by the Commission on Transnational Corporations is comprehensive in its coverage, there are areas of overlapping between the scope of this code and that of the code on the transfer of technology and the principles on restrictive business practices. The future relationship between the instruments being prepared by UNCTAD and the Commission remains to be decided. A paper prepared by the Centre in collaboration with the UNCTAD secretariat has highlighted these aspects and discussed various options, ranging from the possibility of having three separate instruments to providing for total or partial incorporation. The Working Group on a code of conduct held preliminary discussions on these issues and decided to pursue its consideration of this matter in the light of further developments in UNCTAD. It is hoped that the intergovernmental bodies in UNCTAD dealing with transfer of technology and restrictive business practices will also consider this matter, so that a concerted United Nations approach is found, taking into account the special characteristics of each endeavour. A possible solution has already been identified in the area of employment and labour, where ILO has adopted a Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.

The Working Group has tentatively agreed to deal with this issue in the code by calling upon transnational corporations to adhere to the Principles of the ILO Tripartite Declaration. The Centre and ILO have also exchanged views concerning the harmonization of the eventual implementation modalities of the code and the Tripartite Declaration.

Sufficient progress was made by the fifth session to enable the Working Group to begin discussion of possible modalities for the implementation of the code. There is now increasing recognition among the 48 States members of the Working Group that, regardless of its eventual legal nature, the effectiveness of the code will depend on the extent to which Governments undertake some obligation to implement it. Consequently, the existence of adequate implementation machinery is central to the effectiveness of the code.

A number of ideas have been advanced concerning the types of action that Governments could take, regardless whether the code is binding or voluntary. It has been thought that the provisions of the code could be integrated in national legislation and administrative practices or, short of that, that Governments could undertake to publicize the content of the code together with a commitment to proceed on matters related to transnational corporations in a manner which will be in harmony with the code. It has also been widely suggested that Governments could devise procedures and machinery for monitoring the implementation of the code at the national level, for facilitating resolution of difficulties which might emerge and for co-operation with the relevant international body.

The need for machinery at the international level has been widely recognized. The tasks which could be assigned to such a body are collecting information and reports on the implementation of the code, and preparing reviews and appraisals on its application. This body could also be used as the forum for consultations, for clarification and interpretation of provisions of the code, as well as for revising it in the light of accumulated experience.

I am confident that the Working Group will continue to make good progress and that it will be able to complete its task some time in 1980.

I referred earlier to the importance of better information, sharper skills and deeper experience in achieving a more equitable relationship between developing countries and transnational corporations. It is the recognition of this need which has led the Economic and Social Council and the Commission to place such emphasis on the Centre's technical co-operation programme. Our technical co-operation activities have been able to expand rapidly thanks in large part to voluntary contributions we have been receiving for this purpose from a number of Governments.

In less than three years, the Centre has carried out over 50 advisory projects in some 30 countries, as well as 14 training workshops attended by over 400 government officials from over 70 countries. Judging by the large number of projects currently in the pipeline, this accelerating rate of government requests will increase further during the coming year.

The scope of the requests addressed to the Centre have spanned a wide spectrum of issues and sectors, and have come from a variety of developing countries, from the least developed to the advanced among them. We have assisted Governments in reviewing or drafting laws and regulations on matters related to transnational corporations, in considering policies and procedures, in dealing with such issues as transfer pricing, transfer of technology, and ownership and control, in analysing draft agreements and contracts in such areas as petroleum, mining, forestry, fisheries, and tourism, as well as in providing staff support in preparation for negotiations in such sectors as automotive and other manufacturing sectors, the hotel industry, petroleum, mining and agriculture. Our training workshops have focused on the main economic, legal and administrative issues which Governments face when considering matters related to transnational corporations, and are specifically designed to sharpen the ability of host country officials in performing their functions in this field.

In addition to advisory and training services, another important source of support to Governments of developing countries in strengthening their capability to deal with transnational corporations is information disseminated in response to government requests for specific information, as well as through periodic publications. The Centre has undertaken, in the past few months, a survey seeking the views of Governments as to the kind of information which they feel would be of greatest practical use to them. Three components were of greatest interest to Governments.

The first was information on policies, laws and regulations adopted by Governments on matters related to transnational corporations. Through such information, Governments felt that they could benefit from the experience of others when formulating or reviewing their own policies and regulations as well as for assessing the implications of policies and regulations introduced by home countries.

The second component which was stressed was in-depth corporate information which would focus in particular on the foreign experience of these corporations, including the nature and effects of their participation in specific countries and projects. This information is being collected and analysed together with industry analyses which will provide an overview of the industry sector and the importance of transnational corporations in the industry, trends in involvement of transnational corporations, market concentration, competitive structure, growth patterns, investment, and technological practices, as well as an analysis of relevant policies and regulations of home and host countries as they relate to that particular industry.

The third component stressed by Governments was contracts and agreements. The experience of countries in negotiating contracts can provide important guidance by shedding light on trends in terms and conditions arrived at with transnational corporations under various circumstances.

In closing, may I again say how much I appreciate the opportunity of addressing this Conference on a subject to which I know it attaches great importance. We in the United Nations Centre on Transnational Corporations look forward to benefiting from your deliberations.

**Statement made at the 167th plenary meeting, on 21 May 1979, by Mr. J. B. P. Maramis,  
Executive Secretary of the Economic and Social Commission for Asia and the Pacific**

In March of this year, the thirty-fifth annual session of ESCAP convened in this hall. In a spirit of common concern, the member countries of ESCAP—regional and non-regional, developing and developed—held a preliminary discussion on the suitable elements of a development strategy for the 1980s. In particular, they requested me by resolution to take steps to prepare a regional input into the formulation of a global strategy for the next decade.

In the resolution, emphasis was placed upon a number of matters of vital concern. Domestically, the continued growth of the already large numbers of people in the region living in absolute poverty is the primary issue, along with associated problems concerning inequitable income distribution structures, burgeoning unemployment, land reform and low productivity employment.

The Commission recognized clearly the need for improved domestic socio-economic policies in the area of income distribution and poverty alleviation and the need domestically for greater efficiency in resource allocation and efforts in resource mobilization. At the same time, the Commission stressed equally the fact that we live in a totally interdependent world in which no country can live in isolation. Success in the prosecution of domestic policies was seen to be essentially linked to the successful attainment of the many objectives comprised in the new international economic order. Not surprisingly, the many international elements which they saw fit to stress are those which preoccupy the fifth session of the United Nations Conference on Trade and Development. Among these issues are problems relating to trade and structural adjustment in the developed industrial economies; flows of concessionary and non-concessionary resources; technology and transnational corporations; and the urgent need for institutional reforms in the international economic and financial system.

Few of the problems which currently confront us are new, although the passage of events has given many of them a growing urgency. From our regional perspective, there are encouraging signs of progress in a number of countries, but there are also reasons for profound concern. Within the ESCAP region the majority of the world's poor reside in conditions of abject poverty and their numbers have grown enormously during the 1970s. In part, this can be related to unsuccessful domestic policies. It is also undeniably connected to failures in attaining the objectives of the Second United Nations Development Decade.

The severe disturbance in the world economy have caused our developing countries to focus on their economic management of short-term crisis situations rather than on the attainment of longer-term development objectives. Erratic and in some cases depressed international trade conditions have seriously affected the performance of many of our developing countries. As a result, there have been sharp fluctuations in commodity

prices, a persistent rise in the prices of imports, adverse terms of trade movements, and increased difficulty in gaining access to the markets of the developed industrial countries.

Equally serious has been the total failure of the rich industrialized countries to meet the objectives set for concessionary capital flows. Some of our developing countries have been able to offset deteriorating current account positions in the balance of payments by access to commercial and other non-concessionary capital sources. Nearly all the most needy low-income countries have not. Nor, denied adequate opportunities to develop their exports, have they been able to secure the amount of concessionary capital flows envisaged in the objectives of the Second Development Decade. In times of poor harvests, theirs has indeed been a depressingly distressed situation, and over the decade as a whole these poorest of the world's communities have experienced barely perceptible increases in *per capita* income. These are a few of our experiences which relate strongly to the issues at stake at the present Conference.

Let me now turn to the perception by ESCAP of some of the specific problems being addressed here. The fourth session of the Conference, at Nairobi, initiated the establishment of the Integrated Programme for Commodities, and there has since been some success in the negotiations for the creation of the Common Fund. The stabilization of the prices of primary export commodities at remunerative and equitable levels is of paramount importance to the developing ESCAP region. However, these countries have noted with regret that the resources of the Common Fund are significantly less than originally anticipated and that the resources for the second window are still tardily forthcoming. It is also disappointing that individual commodity agreements have not been speedily concluded and that the Integrated Programme for Commodities does not cover several commodities of importance particularly to the land-locked, least developed and island developing countries of this region. The stabilization of export prices is only one important aspect of the commodities problem. The attainment of their socio-economic objectives requires that these countries also derive maximum benefits from the further processing and manufacture, as well as the marketing, distribution and transportation, of the primary commodities produced by them.

Where trade in manufactures is concerned, this region has already witnessed dramatic shifts in comparative advantage and a few countries have participated significantly from an expansion in this trade. Many others now have the potential to do so, but their efforts continue to be frustrated by the self-defeating protectionist measures of the developed industrial economies.

The developing countries of this region note with disappointment that, even after six years, the multilateral trade negotiations have resulted in no concessions with regard to tropical products, textiles and many other goods in which they have a comparative



advantage. The important issue of "safeguards" is still under negotiation, and it is to be hoped that attempts to formulate arbitrary concepts such as selectivity in the application of safeguard measures and gradations among developing countries will be abandoned in favour of progress towards a freer and more equitable trade system. Progress towards this goal has continued to be slow and hesitant. An imperfect and inequitable trade regime continues to function to the advantage of narrow sectional groups and to the detriment of the world community as a whole.

Unfortunately, the recent past has witnessed actions by the developed countries which are retrogressive rather than progressive from the viewpoint of the well-being of the world community. In addition to denying developing countries the opportunity of utilizing their comparative advantages in production and trade, the additional resources needed for their development have been further denied to them by the dismal record of foreign assistance flows.

What needs to be emphasized is that foreign assistance flows are certainly no substitute for greater access to the markets of the developed countries. There is no doubt that foreign assistance will have a continuing role to play in most developing countries of this region. As pointed out in the Secretary-General's address, this is particularly so when these countries experience harvest failures or when sharp increases in the prices of their essential imports impose unexpected strains on their balance-of-payments positions. But just as the redistribution of incomes within the developed industrial countries has long been free of the taint of being "hand-outs", so too must the international redistribution of assets and incomes. If this is to be achieved in adequate measure and in consonance with felt needs, it is also necessary that these transfers not be reduced in real value through interest charges and tied procurement requirements, and that they be made available on the basis of human needs through multilateral sources and not on the basis of the narrowly conceived political interests of the donor. It is also necessary that these resources be transferred without the constraints which all too frequently hamper their utilization and effectiveness. There have been increasing efforts recently to direct foreign assistance towards particular projects and groups within recipient countries. However well intentioned these efforts might be, the net effect is likely to be a grave slowdown in the formulation of projects and in the disbursement of urgently required funds.

Both as an instrument to mitigate the deleterious effects of an unfavourable external environment and as a conscious policy to spur national development efforts further, significant progress has been made in this region during the 1970s towards greater regional and subregional co-operation. The existing potential is likely to be increasingly realized during the coming years, given the expressed political intentions of many developing countries of the region.

It is important that collective self-reliance be based on improved information flows regarding trade and investment opportunities and the transfer of appropriate technology among the countries concerned within the context of economic and technical co-operation between

developing countries. It is equally important that, unlike certain groupings whose autarchic policies have had harmful effects on the world community, collective self-reliance among developing countries should lead to an economically rational development of industry within the developing countries. Given these conditions, the increased flow of goods and services within the developing countries and the expansion of their aggregate purchasing power can be of great benefit to the global community as a whole. A prime example of the potential for such development in our region is the ASEAN group of countries. It follows that it is in the interests of the developed industrial economies to make every endeavour to assist development in collective self-reliance among developing countries.

Let me finally make two general observations. First, in my opinion, the grave state of the world economy is unlikely to be improved by a series of *ad hoc*, unrelated and partial approaches. For example, the instability of the world financial system is part of a deep-seated malaise which affects the rate of global economic expansion, the incidence of protectionism and other associated problems. These issues cannot be treated in isolation from one another. An interdependent global approach is required on a basis which fully recognizes the interests of the developed and developing countries. At the very least, this Conference should define the problems and agree upon a common set of steps to be taken in approaching them.

Secondly, in my opinion, it cannot be emphasized too strongly that all nations—developing and developed alike—have a vital interest in appropriate and timely action being taken. The developed countries must realize that a world system which makes for economic stagnation, persistent inflation and widespread unemployment and protectionism in their own economies, and for the desperate poverty affecting some 600 million of the citizens of developing countries, is not a system which can continue.

While there are vested interests in both sets of countries which either benefit from the existing international system or urge the adoption of short-term policies which are inimical to the interests of all countries, I am convinced that a successful resolution of all our problems lies in the speedy joint action of the world's communities to deal with their common set of problems. This will require early and co-ordinated agreement on structural adjustments and institutional reforms which will make it possible to re-establish steady, stable growth in the world economy; to expand international trade on the basis of genuine competition and comparative advantage; to provide for effective and equitable balance-of-payments adjustment mechanisms; and to ensure a proper and adequate flow of resources to the developing countries as a whole and especially to the most seriously affected and least developed among them. The discussions at this session, and the decisions taken on the vital issues relating to trade and development, will have a direct bearing on the international strategy to be launched in the 1980s.

We are meeting again in this beautiful country of the Philippines. You, Mr. President, have again extended to us, in the fullest measure, the traditional friendship

and hospitality of the Filipino people. You have guided the deliberations of this Conference with great wisdom and statesmanship. You have always unstintingly provided inspiration and support for the attainment of the ideals of the United Nations—and particularly is this so in this region. For this, I should like to tender to you my gratitude.

I should also like to convey my warm gratitude to Mr. Ferdinand Marcos, President of the Republic of the Philippines, and to Mrs. Imelda Romualdez Marcos, Minister for Human Settlements and Governor of Metro Manila, for their continued support and encouragement for the activities of the United Nations and the aspirations of the developing countries.

**Statement made at the 168th plenary meeting, on 21 May 1979, by Mr. M. Z. Ismail,  
Deputy Executive Secretary of the Economic Commission for Western Asia**

Mr. President, it gives me pleasure to convey, through you, to the Government and people of the Philippines, sincere thanks and deep appreciation for the warm hospitality given to all of us at this fifth session of the United Nations Conference on Trade and Development.

It is indeed a great honour for me to have the opportunity to address this session of the Conference on behalf of ECWA. The Executive Secretary of ECWA, Mr. Al-Attar, would have wished to attend this meeting personally had not urgent obligations prevented him from doing so.

As the current decade draws to a close, it is becoming increasingly apparent that most, if not all, of the major problems that faced the international community at the start of the decade will probably remain with it through the 1980s. Moreover, several developments in the 1970s have compounded the problems of the developing countries. The weakening of the international monetary system, the instability of the exchange markets, and recession coupled with strong inflationary pressures in the industrialized countries, have given rise to protectionist tendencies in these countries, with adverse implications and consequences for the trade and aid prospects of the developing world.

The ECWA region shares most of the preoccupations and aspirations of the developing world and the international community at large. However, it has its own distinctive features and problems, which stem mainly from the persistence of structural imbalances and rigidities, a high degree of external dependence, and political sensitivity.

The countries of the region can be conveniently grouped into three broad categories, namely, the oil economies, the non-oil economies, and the least developed countries.

In the oil economies (Iraq being an exception), the small share of agriculture and manufacturing in total output and the inadequately developed physical and institutional infrastructure constitute the salient features. The main development constraint for this group is not finance but rather manpower shortages in virtually all sectors and levels of skills.

The non-oil economies have a wider base and a more diversified economic structure. Their physical and institutional infrastructure is relatively developed, and the quality of their manpower allows them to meet most of their needs and to supply the oil economies with large

numbers of needed skills. Their main development constraint still appears to be capital. These economies share with the oil-producing countries a heavy dependence on the outside world.

The two least developed countries, namely, Democratic Yemen and Yemen, appear to suffer from the problems and disadvantages of the other countries, while hardly enjoying any of their positive features. Accordingly, to assist these countries to overcome their problems becomes both a regional and an international obligation.

While the growth performance of the ECWA region as a whole during the 1970s compares favourably with that of the world and other developing regions, it conceals many weaknesses inherent in the economies of member States. Among the major development issues facing the region, mention should be made of the need to affect structural transformation, to narrow intra-national economic disparities, to reduce underemployment, to raise the participation rate of the population, particularly of the female population, and to strike a better balance between the economic and social components of development.

The events of the 1970s have confronted the region not only with unprecedented development opportunities but also with important challenges and problems. The region is still, and will probably remain for many years to come, preoccupied with the consequences of these events.

The external sector plays a crucial role in the economies of the ECWA countries, both as a generator of income and as a source of raw materials, consumption goods and modern technology. Directly, oil production for export provides by far the largest single source of income in the oil economies. Indirectly, the contribution of oil exports to the development process in these countries permeates all aspects of economic activity. Production of goods and services for export is also a significant determinant of income levels in the non-oil economies.

Insufficient diversification of their economic structure, narrowness of the production base and the need to build up productive capacity render the countries of the region heavily dependent on imports to supplement domestic supplies towards meeting a rapidly rising level of demand. Some countries, notably the oil economies and the least developed ones, also rely very heavily on expatriate labour to make up for their acute deficiency in skilled manpower.

The extreme dependence on the external sector is reflected in the very high degree of "openness" and consequent vulnerability of the region's economies. This vulnerability is the more acute given the highly concentrated commodity structure of member countries' exports and the uneven geographical distribution of their trade. These problems have been compounded by the high cost of import procurement, which appears to be too excessive. In this context, mention should also be made of the operations of the transnational corporations in the region. Their role in the development process is being increasingly questioned, and international efforts have turned towards finding ways and means to regulate their operations in the interest of developing countries.

Among the obstacles that have hindered the process of export diversification in the region in the direction of manufactured and semi-manufactured goods, one stems from the narrowness of the industrial production base and the inward-looking orientation that the development of the manufacturing industry has generally taken.

But the major obstacle relates to difficulty of penetration of world markets, particularly those of developed countries. The countries of the region, together with the rest of the developing world, face in this respect a real problem of access to the markets of the industrialized countries. Thus some of the more promising export items from the region are considered by these countries as "sensitive", and their entry to the markets of those countries is consequently made subject to various restrictions.

Developments in the oil industry, particularly since 1973, have strongly influenced the balance of payments of the countries of Western Asia, whether directly or indirectly. In the oil economies, these developments have served to accentuate some of the already existing features, such as those relating to balance-of-trade surpluses. A significant departure from the pre-oil boom became apparent in the magnitude attained by transfer payments, reflecting the emergence of several countries in the region as major aid donors on the international scene, and the sharp rise in payments on account of factor income services associated with efforts to accelerate the pace of development.

In contrast, the salient features of the payments situation in the non-oil economies is the existence of large and widening trade deficits. The financing of these deficits has been made possible by substantial financial transfers in favour of these economies. At the same time, the oil economies have attracted labour of all skills from other parts of the region, which has entailed large factor income flows into the non-oil economies.

Some of the problems facing the region could find solution within a regional framework. The basic elements for fruitful co-operation are there. What is perhaps still needed is an additional effort for the identification of workable forms of co-operation. In this respect, the shift in emphasis from efforts at intra-trade liberalization in favour of co-operation in production, notably in the form of joint ventures, and the increased acceptance of the idea of subregional co-operation, augur well for the future.

The countries of the region should also direct their attention to the exploitation of the many possibilities offered through co-operation with developing countries elsewhere. At the same time, efforts should be pursued, in co-operation with other developing countries, to negotiate solutions to their common problems with the developed countries.

Co-operation in the financial field has constituted the more salient aspect of regional co-operation in recent years. Such co-operation has become increasingly motivated by a sense of commitment to overall regional prosperity and the reduction of disparities among member countries.

The allocation of a significant portion of the newly acquired oil wealth to assist countries within the region, and the developing countries elsewhere, reflects a strong commitment of the ECWA countries to the idea of promoting development through collective self-reliance and solidarity among developing countries. In this respect, the increased multilateralization of aid and its spread to non-Arab developing countries are worth noting. Member countries have been also active in international discussions aiming at the establishment of a new international economic order. Similarly, the region's concern with international economic and monetary stability has been amply illustrated in the stands taken by member countries in international forums on major issues.

While the availability of financial resources should make the solution to a great number of problems in the region easier, the sudden emergence of these resources poses a number of challenges. The conversion of these resources into productive assets with sufficient speed to prevent their erosion by inflation, and the social tensions that their spending are certain to entail, are some of the major problems to be reckoned with. What is perhaps a more serious preoccupation is the fact that these financial resources result from the exploitation of a non-renewable depletable resource.

The establishment of a network of development funds endowed with substantial financial resources, the increased multilateralization of aid, and the formation of a number of productive joint ventures, go an important way towards providing the necessary machinery and mechanism for more effective co-operation. While important bottlenecks still remain, what is more significant is that the positive developments triggered off by oil resources have created a favourable environment and generated a momentum that is in the interest of all member countries to sustain.

ECWA has an important role to play in the promotion of development in the region. It has been closely involved in the region's development efforts and is continuously striving to contribute to their success. By virtue of its terms of reference and the multidisciplinary nature of its activities, ECWA is in a particularly advantageous position to promote co-operation among its member States and between them and other developing countries. ECWA has always striven to do this in co-operation with other regional and international organizations, among which UNCTAD stands prominently. Therefore we are following closely the

valuable efforts being made at present at the fifth session of the Conference in order to attain most, if not all, the targets of the new international economic order. It

gives me pleasure, Mr. President, to conclude in expressing for the deliberations of this session, under your guidance and leadership, best wishes for full success.

**Statement made at the 156th plenary meeting, on 11 May 1979, by Mr. Abd-El Rahman Khane,  
Executive Director of the United Nations Industrial Development Organization**

I thank you, Mr. President, for giving me the floor and thus the privilege of addressing this gathering. First of all, I would like to thank our host country, the people and the Government of the Republic of the Philippines for their generous hospitality and warm welcome. Allow me also, at the outset, to pay my tribute to Mr. Ferdinand E. Marcos, President and Prime Minister of the Republic of the Philippines, for his most inspiring keynote address, in which he so courageously outlined the urgency and the need for the world to get together and help the vast majority of humanity, which is impatient to be heard.

In recent years, the nature of the economic relations between the rich and the poor countries has been placed at the centre in international discussions. And rightly so. In his report to the Conference, the Secretary-General of UNCTAD points out that the theme of structural change pervades the agenda. Indeed, it continues to be a pervading theme of the Third United Nations Development Decade. I believe, however, that the restructuring of the world economy must go hand in hand and, in fact, coincide, with the restructuring of world industry.

In this context, the third General Conference of UNIDO, to be convened next January in New Delhi, will, I feel sure, benefit greatly from the deliberations here in Manila and the assessment you make of the problems and prospects for the establishment of a new international economic order. The New Delhi Conference will concentrate on problems and prospects of industrialization, and will give particular attention to an assessment of the progress made towards increasing the share of developing countries in total world industrial production. In preparing for the Conference, the UNIDO secretariat has made a number of studies. It should certainly come as no surprise that, in our view, progress to date has not been satisfactory. Indeed, if it is conceded that the problem of poverty in the third world can be tackled only through concerted action on both the internal and external fronts, it should also be recognized that inflation and recurrent currency crises in the developed world are impeding the efforts of developing countries to achieve economic and social progress. It is clear, therefore, that the old order is no longer functioning. New institutions and new "rules of the game" should therefore now appear on the agenda of international discussion, not just because the "poor countries" need to be accommodated but because the global interrelations between all the nations of the world need to be rebuilt on an entirely new basis.

At this very moment, however, while the crisis of the old order is readily apparent, the shape of a new order is hardly visible. It is not yet clear whether the interna-

tional community will have the kind of courage which is required to agree on a concerted plan for overcoming the inertia of institutions established to service the world under a totally different set of international conditions.

Progress towards a new international economic order would basically require a reshaping of the international power structure, which is founded on the command that the industrialized countries have over technology and industry. Such technological and industrial command perpetuates the division of the world into exporters of primary products and exporters of manufactures. The aspirations of the third world to break out of this kind of relationship can be realized only through the industrial transformation of its economies. Industrialization thus forms the central plank in the charter of demands tabled by the South. Over the last two decades, manufacturing output in the South has risen from 7 per cent to 9 per cent of world industrial production. At that rate, the South will attain a share of no more than 13.5 per cent by the year 2000, as against the Lima target of 25 per cent.

In point of fact, we believe that the key lies in the hands of the developing countries themselves, for the successful development of a new international economic order definitely requires the South to formulate and adopt a clear-cut strategy for international action. In brief, such a strategy should aim at expanding the degree of South-South co-operation, in order collectively to enhance development prospects and to reduce dependency on the North. It would, by the same token, help to improve the terms on which the South continues to broaden its exchanges with the North, thereby achieving more equal participation within an expanding framework of global interdependence. In fact, the notion that the South should move more in the direction of collective self-reliance is no more radical than the pursuit of similar strategies already practised among the industrialized countries. The economic and financial co-operation groups of EEC and CMEA are obvious cases in point. On the other hand, the furtherance of global interdependence does mean that any sudden reduction in North-South trade will lead to a decline in economic growth among both groups in the short and medium terms. However, such trade can no longer follow the old pattern. Global interdependence on the basis of equality should imply greater trade in manufactures and subsequently a new spread of industrial capacity throughout the world. In this connection, I had an opportunity, at the preparatory meeting of the Group of 77 in Arusha, to suggest a target for exports of manufactures from the South to the North as a means of achieving equilibrium in the external payments position of developing countries, particularly while they are passing through the earlier phases of industrialization. I do not propose to

repeat the details here, but I do recommend the concept very strongly.

Against this broad context, I wish now to say a few words on two of the important mandates of UNIDO stemming from the second General Conference of UNIDO held in Lima in 1975, namely: the system of consultations for accelerating the process of the restructuring of industry in the North and the redeployment of industrial capacity to the South, and the programme for ECDC. These activities are also reflected in the agenda for this fifth session of the United Nations Conference on Trade and Development.

Resolution 96 (IV), adopted by the Conference at its fourth session, called for expeditious implementation of the decision taken at Lima and at the seventh special session of the United Nations General Assembly to establish a system of consultations within UNIDO. I am happy to report that UNIDO, in close co-operation with UNCTAD and other United Nations agencies, has so far held seven consultation meetings, in five priority industrial sectors: fertilizers, iron and steel, leather, vegetable oils and fats, and petrochemicals. Preparations are also in hand for consultation meetings on agricultural machinery, capital goods, pharmaceuticals, food-processing industries, financing and training in industrial skills.

There is general agreement that the consultation meetings held so far, which have brought together the different points of view of high-level representatives of Government, industry and labour, have made a positive contribution to the identification of the needs of the developing countries, to an understanding of the problems that arise in the context of strengthening industrial capacities, and to a number of aspects of decision-making with respect to the redeployment of productive capacities. The consultation meetings have considered a wide range of issues in each sector, including production goals of developing countries, supply of raw materials, marketing and exchange of products, capital goods requirements, and co-operation among developing countries. They have also succeeded in tackling concrete problems, such as new forms of industrial contracting, consequential loss insurance, and mechanisms of financing, which constitute major constraints on the road to the industrialization of developing countries. These are undoubtedly positive results; regrettably, however, it seems that, on account of some budgetary considerations within the United Nations, there is no scope for a more spectacular effort in this field.

On the question of a thrust towards collective self-reliance within the South, may I mention that UNIDO was one of the first organizations within the United Nations system to encourage, through concrete projects, co-operation among developing countries. We have steadily increased our allocation of technical co-operation resources to activities in this field, encouraging the transfer and development of technology, the

provision of training, and the planning and establishment of multinational industrial production facilities, working closely in this with regional and subregional organizations such as ASEAN and the Andean Group. Tomorrow I leave for Kabul to attend the first meeting of a solidarity scheme developed by UNIDO, through which we expect to formalize assistance in setting up a number of industrial facilities in Afghanistan which several developing countries are to donate to a least developed member of their category. The United Republic of Tanzania and Haiti will be the next countries to be taken up, during the remainder of this year.

We intend to present at the third UNIDO General Conference a blueprint of industrialization for the year 2000, involving new dimensions and a new international framework for co-operation. In undertaking this task, we have made an intensive study of the requirements of the third world in the areas of external financial flows, direct foreign investment, acquisition of technology and international exchange trade in manufactured goods, in order to identify the gaps in resource mobilization that might lead to an increase in external disequilibrium or dependency.

In response to the gaps so identified, we will propose innovative practical mechanisms for international co-operation which, we believe, should help to attain the quantitative targets framed at Lima, while fulfilling the qualitative objectives of national independence, income redistribution and satisfaction of basic needs. We also hope that they will help to build an international environment of co-operation, which will encourage the progress of each and every member country towards national goals.

By way of conclusion, may I report that last month the new constitution for UNIDO as a specialized agency was adopted in Vienna; it reaffirms that the primary objective of UNIDO is the promotion and acceleration of industrial development in the developing countries, with a view to assisting in the establishment of a new international economic order. We consider that this decision is an encouraging sign of political will on the part of both developed and developing countries to work towards a restructuring of the international economic order. We hope that the proceedings of the present Conference will be marked by similar political will.

Because of the very close relationship between trade and industrialization, virtually every item on your very full agenda is of considerable interest to UNIDO. We will follow your deliberations with great care and inform the third General Conference of UNIDO of the decisions taken here. We are convinced that the work of these two important conferences, together with the forthcoming ones on science and technology and agrarian reforms, will provide a significant contribution to the preparations for the Third Development Decade and the promotion of new forms of international co-operation. I wish you every success in your deliberations.

**Statement made at the 161st plenary meeting, on 16 May 1979, by Mr. S. Evteev,  
Assistant Executive Director, United Nations Environment Programme**

I have been requested by the Executive Director of UNEP, Mr. M. K. Tolba, to convey his respects and appreciation to President Marcos for the understanding of environmental issues and close co-operation between the Philippines and UNEP which has developed in recent months.

I bring to you, Mr. President, and through you to the Conference, fraternal greetings. Mr. Tolba has asked me to express his regrets at his inability, due to a number of preoccupations, to be personally present here today.

We have just concluded the seventh session of our Governing Council in Nairobi. One of the subjects to receive detailed consideration at the Council session was the formulation of the New International Development Strategy. It was felt that the harmonization of environmental goals and objectives with economic goals and policies was a matter of universal concern, and that of late the need had become even more pronounced because of inflation, unemployment, greater balance-of-payments difficulties and falling productivity in most countries of the world. In such a situation, rational decision-making was of the essence.

It was in that context that possible ways of improving the negotiating position of the developing countries—to reflect their long-term development viability—must be evaluated; that is also the avowed aim of the New International Development Strategy.

The environmental problems in developing countries stem from two interrelated sources, namely, poverty and the need for accelerated development. Many of the basic environmental problems, such as poor water supplies, inadequate housing and sanitation, low nutritional standards and dangers to health, excessive cultivation of marginal land, deforestation and desertification, arise from the fact of poverty *per se*, and remedies to them have to be sought through the development process itself. Such a development process, however, should not be one based simply on target rates of growth, but should be a multifaceted one of an integrated nature, which would take due account of the natural resources base of the country concerned; and there should be a realization that the problems which arise from the process of development are not static but highly dynamic, in both their range and their complexity.

The complexity of these problems increases as the development process gathers momentum. Accelerated development leads to a situation in which, while some development objectives can be realized without any apparent conflict with environmental and social goals, other development objectives are seen to involve trade-offs and choices between the incorporation of environmental considerations and narrower growth objectives, particularly in the short term or medium term. The ideal or optimal situation is to achieve a balance between the inner limits of man, i.e. meeting his basic physical and psychological requirements, and the outer

limits of the environment, i.e. the carrying capacity of the biosphere. But in between, what is needed for practical purposes is very careful decisions to determine the direction of development effort in terms of the varying degrees of environmental pollution or degradation. In order to ensure rational environmental management, what is needed is the development of an accounting method and institutional arrangements that will take more adequately into account the full social and environmental, as well as economic, costs and benefits of development-related activities. UNEP is currently engaged in the development of such tools of proper environmental management through: (a) a cost-benefit analysis exercise; (b) the fashioning of operational guidelines and environmental check-lists for development policies, programmes and projects; (c) the establishment of criteria for resource use; (d) the promotion of alternative life-styles and development patterns. When such concepts and analytical tools have been developed, the objective of taking environmental considerations into account in development policies and programmes will become much more accessible: until then, we must make do with what we have.

This is a situation which must clearly find expression in the New International Development Strategy. The development objectives identified for the New International Development Strategy in General Assembly resolution 33/193 are no doubt of primary importance, from both the developmental and the environmental points of view. This follows from the perception, which I noted earlier, that the two causes of environmental problems in developing countries are poverty and accelerated development. In the mitigation of poverty, however, attention must be paid to the path chosen for the realization of individual objectives. If the structuring and implementing procedures of individual development objectives are not carefully evaluated from the conceptual or very early stage, the resulting problems may become intractable or irreversible, or so costly as to be prohibitive for most developing countries.

Secondly, in the light of the experience which has been gained from the first two Development Decades, it is equally clear that problems associated with the economic development of developing countries, and the environmental considerations which are implicit in them, cannot be evaluated or treated in isolation from the larger issues connected with the operation and functioning of the international economic order. The New International Development Strategy must address itself to international structural changes in both their economic and their environmental contexts.

One specific problem which we consider it important for the New International Development Strategy to take into account is that of the global commons: the problem of the management and exploitation of commonly owned or shared property. This is a subject which is becoming increasingly important in a resource-hungry world, and we cannot delay much longer in taking up for



serious consideration such issues as the future maintenance of the global commons and international arrangements and agreements for the utilization of their products. It would be expedient for the New International Development Strategy, which is to cover the decade of the 1980s and possibly extend to the year 2000, to sound the tocsin in this area and to attempt to lay down certain early guidelines before irreversible damage takes place.

It would be equally expedient for the New International Development Strategy to give early consideration to the need for establishing certain specific social and environmental targets for the international community, with respect, for example, to life expectancy, access to clean water, standards of habitation, literacy and so forth. We are not advocating imitation patterns of development, but we believe that mankind in general, and developing countries in particular, are filled with anxiety at deteriorating conditions of life and seek reassurance for themselves and for future generations.

Even a general examination of the agenda before this Conference indicates how clear and close is the convergence between the preoccupations of UNEP and UNCTAD. The Arusha Programme for Collective Self-Reliance and Framework for Negotiations and the report by the Secretary-General of UNCTAD entitled "Restructuring the international economic framework" (TD/221) contain elements of vital importance and interest to UNEP. It has become increasingly more important and urgent for UNCTAD and UNEP to concert together and to chart out common approaches and policies. As the Executive Director of UNEP pointed out in his statement to the fourth session of the Conference, the relationship between environment and development is inevitable, intimate and inseparable. Any attempt to promote development without taking adequately into account the environmental implications of our actions erodes the foundations for long-term and sustained development. On the other hand, a narrow preoccupation with ecology and conservation, without regard to the demands for development and growth, as the indispensable condition for providing social equity and a life of dignity, is equally unacceptable. Economic disparities, whether within or between countries, lead to results which are not only fundamentally wrong in human terms but which also produce situations and circumstances where both the affluent and the poverty-stricken despoil the environment. The affluent damage the environment through over-consumption, while the poverty-stricken must ensure their survival at the expense of the long-term productivity of the environment.

The structural changes required in the international economy would be deficient in scope and nature if they did not reflect this situation. This applies both to the conceptual framework within which the structural

achievements are to be carried out and to the specific operational areas, such as commodity arrangements, strengthening of the technological capacity of the developing countries, expansion and diversification of the industrial base of the third world, and so on, which will exhibit the new relations.

The structure and patterns of international trade, investment, finance and division of labour, transfer of technology, exploitation of natural resources, diffusion of patterns of development and life-styles are often the catalytic agents which contribute in increasing measure to problems of environmental degradation and resource depletion in the third world. The environmental impacts of monoculture and cash crops are well known and well accepted, as are those that arise from the over-exploitation of living natural resources, the rapid exhaustion of certain mineral resources to meet the needs of the highly resource-intensive patterns of production and consumption practised in the developed countries, the land degradation and pollution caused by careless mining and industrial activities, etc. To compound these problems, the measures taken by developed countries to protect their own environment often have an adverse impact on both the economies and the environment of developing countries. In this connection, I would like to draw your attention to environmentally motivated import restrictions which lead to loss of export revenue in developing countries and high costs of imported manufactured goods and capital equipment, owing to the application of environmental standards in the industrialized countries, the hasty or ill-advised redeployment of economic activities on environmental grounds, or other factors.

In this context, I wish to mention UNEP decision 6/6, which specifically calls for co-operation between UNEP and UNCTAD in the area of industrial redeployment. Also in this context, I wish to say that we assign great importance to the UNEP/UNCTAD joint projects on the study of trade barriers and restrictions arising from environmental measures.

Before I conclude, may I say that, in the two critical tasks you have before you, namely, the review and revision of the structure of international economic relations in such a way as to help promote a more integrated and qualitative development process, and the drafting of a planetary compact to that end, it may well be found that environmental considerations provide the bridge, the essential link, between opposing views and perceptions. There is no conflict between ecology and economics; rather, a global view of the systems relations between population, resources, environment and development makes possible a rational and consistent approach to what is essentially a single objective: the long-term and sustainable enhancement of the quality of life.

**Statement made at the 150th plenary meeting, on 9 May 1979, by Mr. Arturo R. Tanco,  
President of the World Food Council**

I come before you, in the middle of your multifarious and interrelated concerns, as a special pleader for only one cause: the banishing of hunger in the world.

We in the World Food Council have this one, single-minded concern because we believe that food is literally the most important thing in the world; it is not even next to life, because it is life itself. Deprived of the right to food, as I have said in other forums, man knows no other. For the hungry, there is no dignity, no human rights, no rule of law, no liberty, no celebration of the spirit.

Surely, there can be no just and equitable world order, no lasting assurance of peace, in a world where the rich eat, while the poor go without.

Indeed, we agree with the opening statement of the Secretary-General of the United Nations, Mr. Waldheim, in which he underscored food and energy as the two most critical areas in our overall effort to restructure the global economy. "Unless decisive progress is made in increasing food and agricultural production in the coming years", he said, "all other development efforts and attempts at improving the social welfare of the two thirds of the world population most seriously in need will be severely undermined. A major initiative on the part of the entire international community is vitally necessary to implement the targets and policy measures which were proposed by the World Food Council in the fields of food production, food aid and security, as well as agricultural trade and rural development."

I come before you, therefore, the architects of the new order, to voice a special plea on behalf of the 1 billion hungry and malnourished people of the world.

My first plea falls squarely within the responsibility of UNCTAD. After several years of continuing negotiations, talks on a new international wheat agreement under the auspices of UNCTAD and the International Wheat Council broke down only two months ago in Geneva.

Once again, we have missed a golden opportunity to shield the world against another food crisis. Once again, the world is left without the early prospect of building food grain reserves under a permanent, binding agreement. Once again, the prospect of concluding a new food aid convention has been placed in serious jeopardy.

What this means, as the World Food Council underscored recently before the Committee of the Whole, is that the global food system will continue to operate under the antiquated International Wheat Agreement and Food Aid Convention of 1971. Global food supplies will thus continue to be subject to the principle of surplus disposal, a principle which we have all condemned as unfair and unrealistic. It means that food is available in large quantities when food production is high and prices are low, but it also means that supplies

fall short when production is low and prices are high, and when the need for food is greatest.

Such an irrational system cannot protect the poor and hungry nations of the world from the recurrence of another food crisis. Under the extended grains agreement of 1971, there is no global food security. The global food crisis of 1971-1973, the same crisis that resulted in the World Food Conference of 1974, may well happen again.

In an editorial entitled: "Invitation to a famine" the *Washington Post* deplored the situation as follows:

"The world's wheat exporters, after negotiating for four years to set aside reserves to combat the next big international food shortage, have come up with almost nothing. They had an agreement, to be sure. But it was an agreement to make a small amount of wheat available—15 million tons—which would not even meet world grain requirements for one week. And that pittance was not to become available until the scramblings of hungry nations had driven the world price outrageously high. Small wonder the developing countries turned the plan down.

"Such a calamitous breakdown of the international system was not supposed to happen. The wheat-reserve talks finally came down to a contest between producers and consumers. The producers were ready to see a floor put under the prices they receive in a falling market, but they wanted no suggestion of a ceiling—and reserves held off the market for emergencies are a kind of ceiling—on prices in a rising market. Neither the consumers who do the buying in normal times nor those who need help in bad times had much say.

"In this fashion is the world poised for the next famine and the next price run-up. Sooner or later—it always happens—the weather will turn foul, crops will be poor, importers will bid up food prices. The countries and consumer groups with means will get by; the others will not. In many places, funds needed for development will have to be diverted to food; funds needed for food will have to be stretched to cover the higher prices. The United States and the other exporters will consider planting more acreage, but that will not take care of the emergency. And if, as earlier in the 1970s, there were two crop failures in a row, disaster would ensue. The United Nations Food and Agriculture Organization has improvised an emergency 'Action Plan' based on 'the goodwill of Governments'. Goodwill and, in an emergency, something like \$210 will get you a ton of wheat."

This, from one of the most respected newspapers in the developed world, is pretty strong language. It behoves all of us to listen.

As you all know, negotiations broke down in three main areas of disagreement: first, the size of the reserve stock; second, the level of trigger prices, especially the release price; and, third, preferential treatment of

developing importing countries on their stock-holding obligations. These were the main areas of disagreement between exporting and importing countries. I will not bore you with details.

Suffice it to say that the World Food Council, on the eve of the breakdown in negotiations last February, attempted to salvage the deadlocked negotiations by making a special appeal directly to the Governments concerned to extend the negotiations further and reconsider their positions. Despite the one-week extension that followed, however, the negotiations did finally break down.

It is clear to all of us that the 1971 Wheat Agreement must be replaced as a first step toward overhauling the global food system and ensuring world food security. Lacking in provisions for stock-building or price stability, this antediluvian agreement has proved to be direly inadequate, as we realized in the food crisis of 1973. If the 1971 agreement was deficient then, it is intolerable now.

The decision to extend the current Wheat Agreement for another two years is therefore a disquieting reflection of the inability of the international community to come to grips with reality despite years of protracted and anguished deliberations.

Let us not forget that there are more hungry people in the world today than there were a decade ago. Let us not forget that, in the developing countries as a whole, there is less food per person today than there was a decade ago. Let us not allow these hungry millions to continue to be victimized by the vagaries of an uncontrolled world market.

Despite the failure of the last round of negotiations in Geneva, all is not lost. The world still has within its reach the opportunity to build adequate grain reserves at this time of abundant grain supplies. Australia is doubling its wheat crop this year, from 9 million tons last year to about 18 million tons this year. Excellent harvests have been reported in the United States of America, Canada and other major wheat exporting countries. A number of developing countries, notably India and China, continue to demonstrate that they have the capacity and the resources to produce enough food for themselves.

I submit that now—within the next three or four months—is the time for us to act and to act swiftly while harvests continue to be good. Furthermore, in September this year, the internal political climates in both Canada and the United States will hopefully be more favourable for striking a compromise agreement.

We therefore call on the Governments concerned to review their hard and fast positions.

We call on both developed and developing countries to reassess their positions here and now, at the fifth session of the United Nations Conference on Trade and Development. We call on them to undertake consultations during the course of this Conference, with the end in view of shaping a compromise proposal acceptable to both sides which can then form a realistic basis for renewed negotiations later this year. The Council will do all it can to help in this endeavour.

We also endorse the call by the Chairman of the International Wheat Council for an international caucus on this matter in June.

And finally, we call on all parties concerned to convene negotiations anew in September in this International Year of the Child to arrive at an agreement for the child's sake, if for no other.

For our part, the World Food Council will not cease to prod, wheedle, cajole and plead on this issue so essential to the lives and dignity of our hungry children and brothers in the developing world.

The recent decision reached on the main elements of a Common Fund to stabilize trade in commodities is proof positive that agreement between North and South is possible. It is soon to be no longer a dream devoutly to be wished, but a happy reality on which concrete and mutually beneficial actions can be built.

I venture to express the hope that a similar agreement may soon be reached on grain and wheat in the spirit of generosity on the part of rich nations and in the spirit of self-reliance on the part of poor nations.

While the international community continues to pursue the early conclusion of a new grains agreement, allow me to express, on behalf of the Council, our full support of the FAO five-point plan of action recently launched by the Director-General of FAO, Mr. Edouard Saouma, to ensure world food security. This plan of action calls for the adoption by all countries of national food reserve policies, the establishment of criteria for the release of such reserves, special measures to assist low income food deficit countries to meet their current food import requirements and emergency needs, assistance to developing countries in strengthening their food security, and the promotion of collective self-reliance of developing countries. I commend this five-point plan of action of FAO both as an interim and on some points as a permanent measure to provide food security. We in the Council endorse it to this Conference for the support it fully deserves.

With the collapse of the wheat talks in Geneva went the renegotiation of the accompanying 1971 Food Aid Convention.

Although negotiations in Geneva on this were disappointing, it was nevertheless true that there was agreement on most of the provisions of a new food aid convention. Against the World Food Conference target of 10 million tons, however, food aid commitments at Geneva totalled only 7.6 million tons. Although this level is considerably higher than the 4 million tons under the old 1971 Food Aid Convention, it still falls short of the minimum 10 million tons required to meet the emergency food needs of developing countries. This in fact is far below the current food aid total of about 9.5 million tons. In the absence of a new food aid convention guaranteeing at least 10 million tons, food aid again lacks the element of reliability, with a real risk that supplies may again decline, as stated earlier, in times of production shortfall.

Pending the conclusion of a new food aid convention, therefore, the Council calls on the contributing countries to reaffirm their commitments at the higher levels, totalling 7.6 million tons announced by them in Geneva.

More important, we exhort the richer countries to increase such commitments further at least to the 10 million ton level called for by the World Food Conference. As we said to the Committee of the Whole, this will mean more equitable and higher contributions by all, but especially by EEC and by Japan.

I again reaffirm the World Food Council request to the traditional contributors, and especially the OPEC countries, to associate themselves with a new food aid convention. In this connection, we add our welcome to the announcements of Austria and Norway that they will join such a convention.

Let me close by reiterating that the most crucial task before the world community today is to assure that

enough food is available at the right place, at the right time, and at the right price. The establishment of a new international grains agreement, the adoption of the FAO five-point plan of action, and the conclusion of a new food aid convention are vital steps toward achieving this task.

In the words used by Mr. P. J. Patterson, Deputy-Prime Minister of Jamaica, we will thus turn these stumbling blocks into stepping-stones and in doing so we will thus be helping to create a just and equitable world order where no human being must suffer pain or indignity because he is hungry and poor. In this way we will give shape to the writer's vision that "man will not only endure, he will prevail".

**Statement made at the 149th plenary meeting, on 9 May 1979,  
by Mr. Bradford Morse, Administrator, United Nations Development Programme**

Mr. President, may I congratulate you on your election to your high office. Your unparalleled experience and the esteem in which you are held throughout the world augur so well for the success of this Conference. And may I also pay tribute to the magnificent hospitality that the Government and people of the Republic of the Philippines have provided to all of us attending this fifth session of the United Nations Conference on Trade and Development.

I am honoured to have this opportunity of addressing this gathering, whose deliberations are of such importance for development and for the future evolution of the world economy. I have come here to listen to you, to benefit from your discussions and to share with you some thoughts on how UNDP may best enhance the objectives of the Conference and provide a means of following up on some of the decisions that may be taken here.

Most of you know that UNDP is the largest multilateral technical co-operation agency, working in over 150 countries and territories and co-operating with 26 participating and executing agencies, including, of course, UNCTAD. UNDP technical co-operation encompasses almost every sphere of development. We support Governments' efforts in developing human resources, facilitating the acquisition and adaptation of technology, exploring for natural resources, improving their data bases, strengthening institutional capabilities, and supporting inter-country co-operation. Technical co-operation contributes to accelerated growth and development by helping countries improve the use of financial, human and material resources available to them; indeed, technical co-operation is essential if countries are to be able to absorb increased capital resources. Our work should be seen in the context of the efforts of the United Nations system to respond effectively to the requirements of the new international economic order by helping to effect a restructuring of the institutional arrangements governing international economic relations.

As part of its response to the evolving needs of developing countries, in the context of the new interna-

tional economic order, the Governing Council of UNDP adopted guidelines on "New Dimensions in Technical Co-operation". The overriding purpose of technical co-operation was defined as helping developing countries attain national and collective self-reliance, particularly through enhancing their capacity for autonomous decision-making. Indeed, the process of creating the new international economic order is essentially a process of accelerated self-reliant development aimed at the achievement of the highest social, economic, cultural and intellectual goals of every nation and the improvement of the human condition throughout the developing world.

It was not by accident that the World Conference on Technical Co-operation among Developing Countries, held in Buenos Aires eight months ago, decided that national and collective self-reliance were the main objectives of TCDC, thus making this dimension of international co-operation a major component of the world's endeavours towards establishing a new international order based on justice and equality for all peoples. As is apparent from the Buenos Aires Plan of Action, the essential nature and distinctive character of TCDC resides in the generation and sharing of the creative capacity of developing countries and in the intensification of exchanges among them of knowledge, experience and capacities in all fields and areas of human endeavour, all with their mutual development in view. TCDC is based on self-reliance and it generates self-reliance. TCDC relies on the need and the will to initiate and sustain truly co-operative efforts to resolve specific common problems, to develop complementary capabilities and to build and strengthen institutions serving common needs. TCDC can provide the technical infrastructure and underpinning for virtually all forms of co-operation among developing countries, and indeed may be applied in many technical co-operation projects executed by UNCTAD.

The entire United Nations development system has received a mandate from the Buenos Aires Conference vigorously to support the efforts of developing countries and of the international community as a whole fur-

ther to develop and strengthen TCDC. UNDP has special responsibility in this regard. I wish to assure you that, as Administrator of UNDP, I am energetically undertaking all necessary measures, including the strengthening of UNDP, to respond to the legitimate demands of developing countries for effective and fulfilling TCDC. New projects are being evolved and new initiatives are being encouraged. The high-level intergovernmental meeting to be convened in 1980 to review the implementation of TCDC will carefully study all these measures and, taking into account your deliberations here, will guide us in our future work.

TCDC also has an important supporting role for ECDC in the scheme of collective self-reliance. UNDP has been financing a number of technical co-operation projects in the area of ECDC and, immediately after the Arusha meeting of the Group of 77, we in UNDP undertook a series of steps to develop new activities to support ECDC. We are looking forward to an expansion of our support to ECDC, with UNCTAD and other organizations in the United Nations system, following your deliberations this month. At the subregional and regional levels, assistance will continue to be provided to support various schemes of economic integration and co-operation, to develop further monetary and financial co-operation and to promote intraregional trade. A major expansion, however, will come at the interregional level for the several different schemes of a global character designed to establish conditions for more effective links between developing countries in the area of trade, production, marketing, and monetary and financial co-operation. In this connection, I am requesting the Governing Council of UNDP, at its forthcoming session next month, to increase the resources available for the interregional IPF over the balance of the current programming cycle, 1977-1981, by \$5 million, with the express intention that part of these additional resources will be allocated to viable interregional projects in support of ECDC.

In order to ensure that both TCDC and ECDC benefit from their mutual complementarities, working arrangements between UNDP and UNCTAD have been strengthened to bring about the maximum degree of collaboration as both ECDC and TCDC move forward from conceptualization to practical action. We are now discussing with the UNCTAD secretariat the framework of a programme of economic and technical co-operation among developing countries, within which the many UNDP-assisted projects for ECDC will be formulated and implemented by the organizations of the United Nations development systems.

Yet another area where UNDP can help, at the request of Governments, in responding to the requirements of the new international economic order, lies in the field of negotiations. The United Nations family of organizations has a dual responsibility: to contribute to the elaboration of the new and far-reaching concepts that should support a restructured international economic system, and to assist the process of intergovernmental negotiations necessary to introduce the new system. UNDP can clearly contribute to the second of these responsibilities, primarily through technical support for relevant negotiations in the field of trade and development. Such support is necessary

because few developing countries have the necessary data or the full capacity for analysing the problems involved. To be effective, technical assistance should be made available at the appropriate stage in the negotiating process. For example, assistance has been granted in the carrying out of technical studies on the stocking and warehousing requirements of the core commodities in the Integrated Programme for Commodities, and in connection with the renegotiation of the Lomé Convention. Funds have also been made available to enable countries to take advantage of whatever results are achieved by the negotiations, for example, the GSP project carried out in collaboration with a number of preference-giving countries. Within this context, I might also refer to the UNDP-supported study recently completed on the balance-of-payment adjustment process in developing countries, prepared for the Intergovernmental Group of 24 on International Monetary Affairs in order to help the Group participate more effectively in all phases of discussion and negotiation on international monetary issues.

There is another critical area with which the Conference is concerned, namely, the unique problems of the least developed among the developing countries. Thirty countries in this world of ours struggle and wrestle every day with enormous problems of development. The bulk of their populations live far below the minimum acceptable economic levels. They do not produce sufficient to feed themselves, they do not have enough to export, they do not have incomes adequate to meet their basic needs; in a word, they are the have-nots.

UNCTAD has always been in the forefront of efforts to draw the attention of the world community to the grave problems faced by these countries and to initiate a series of programmes and actions aimed at improving their economic situation. And UNDP, too, has been deeply and increasingly involved in assisting or organizing assistance to these countries. The Governing Council of UNDP allocated to the least developed countries for the 1977-1981 programming cycle some \$620 million, representing an increase of almost 140 per cent over the corresponding figure for the same group of countries for 1972-1976. Continuing interest in the development needs of the least developed countries has also brought substantial contributions to the Special Measures Fund, which now amounts to some \$71 million.

We look forward to your deliberations and decisions concerning both the Crash Programme and the New Programme of Action for the 1980s for the least developed countries, and are ready to respond to them. From our experience, we feel that this new programme should concentrate on social needs, structural changes in the economies of the least developed countries and research on "transformational investments", since our experience has shown these areas to be crucial for building the national and collective self-reliance of the least developed countries.

We also recognize a special responsibility in responding to the needs of the land-locked and island developing countries whose economies suffer because of geographical constraints. We have done a great deal

already, but more, much more, is necessary. UNDP has been active in developing comprehensive programmes of international technical co-operation in the Caribbean and South Pacific areas, which have a large number of small island economies whose problems are particularly severe. UNDP also administers the Special Fund for Land-locked Developing Countries and I am working closely with the Secretary-General of UNCTAD to ensure that the pitifully limited resources available to the Fund are used to achieve the maximum benefit.

A major item before the Conference concerns monetary and financial issues. UNDP will closely follow the discussions concerning the official transfer of resources to developing countries. During the present programme cycle, 1977-1981, a challenging target of 14 per cent was set for the annual growth in voluntary contributions, and I am glad to say that the generous support of Governments has made it possible, so far, to reach this target. Over the longer run, we are planning a substantial increase in contributions, in line with the target established by the Governing Council and endorsed by the Economic and Social Council and the General Assembly. There is wide agreement that the developing countries would be better off if there was greater assurance of the funding of UNDP over the medium and long term. There are difficulties associated with this matter, but we must continue to make intensive efforts to find a way to strengthen the forward financing of UNDP. This has to be done if technical co-operation is to make that critical contribution to economic and social growth and development, and to the attainment of national and collective self-reliance.

There are of course a number of other issues before the Conference of direct concern to UNDP. For example, I might mention the work of UNDP in helping countries develop their scientific and technological infrastructure, without which the benefit of improvements in the process of acquiring technology would be limited. The forthcoming United Nations Conference on Science and Technology for Development will be a major event for the international community, and UNDP will present a number of suggestions for consideration by the Conference for subsequent follow-up action by the United Nations development system in the 1980s.

There is, as I have sought to demonstrate, a very close relationship between your discussions here and the operational activities of UNDP in the context of the new international economic order and the achievement of self-reliance. Enhancing co-operation among developing countries, supporting the technical preparations for negotiations, helping least developed and other

geographically disadvantaged countries, and securing an increase in ODA, are all vital issues for the contemporary world in which we are deeply involved. I can only repeat that UNDP stands ready to assist UNCTAD in translating the decisions of the Conference into practical action for the further trade and development of the developing countries we serve.

I should like to conclude my remarks with a few personal observations.

The world must soon awaken to the realities which will shape the futures of all of us.

The world must soon recognize and soon remedy the fact that the existing international economic order is neither international enough, economic enough nor orderly enough to lead us out of the confusion, inequity, imbalance and division which infect the world today.

I have not recited the appalling statistics of hunger, disease and illiteracy. They are not statistics at all, but rather hundreds of millions of human tragedies. I have not recalled the mutual dependence of the developed countries which are confounded by stagnation and inflation, and those which are less developed, struggling to escape from the shackles of poverty.

I have not rehearsed what President Marcos, the Secretary-General of the United Nations, Mr. Waldheim, the Secretary-General of UNCTAD, Mr. Corea, and other speakers who have preceded me have said about the state of the world with such force and eloquence.

Rather, I plead that all of you whom I am privileged to address as delegates to this Conference recognize that this session provides a new opportunity for the international community to chart a new course. It is an opportunity which should not be lost.

We must overcome division, we must overcome distrust. The futures of all of us are invested in this one small planet.

It was Abraham Lincoln who told my countrymen over a century ago that "a house divided against itself cannot stand". It is with passionate conviction that I say to you that a world divided cannot prosper.

I pray that your debate will lead to determination—not to despair. I pray that your decisions will provide guidance for humanity in its march towards justice and peace.

All of this may sound like idealism. It is not: it is the only practical realism that makes any sense.

I wish you well in your critical work.



**Statement made at the 163rd plenary meeting, on 17 May 1979,  
by Mr. Hans Einhaus, Executive Secretary, personal representative of the Secretary-General  
of the United Nations Conference on Science and Technology for Development**

Mr. President, it is a great pleasure and privilege for me to convey to you, and through you to the Secretary-General of UNCTAD, the best wishes of the Secretary-General of the United Nations Conference on Science and Technology for Development.

May I also express to you my gratitude to and admiration for our hosts, the Government and people of the Philippines.

The work of the fifth session of the United Nations Conference on Trade and Development, especially in relation to its agenda item 13, is indeed directly related and of great importance to the United Nations Conference on Science and Technology for Development which is to take place next August in Vienna. The Secretary-General of the Conference, Mr. Frank da Costa, therefore wishes to pledge his full commitment to the work being accomplished here in Manila. The common objective of the work of the Manila Conference and our work for and in Vienna is the reduction and eventual elimination, as a central prerequisite for the establishment of the new international economic order, of the technological dependence of developing countries.

More specifically, our brief comments on the four sub-items of agenda item 13, are as follows.

The first sub-item, "International code of conduct on the transfer of technology", is quite directly related to the first substantive item of the agenda for the Conference on Science and Technology, which reads: "Choice and transfer of technology". We have therefore followed very closely the progress of the negotiations in the first and second sessions of the United Nations Conference on an International Code of Conduct on the Transfer of Technology. We hope that the proposed resumed session of that Conference in November of this year will lead to satisfactory results. We do not expect that the Conference on Science and Technology to be held in Vienna in August could or should become an alternative forum for specific negotiations on the code.

We do expect, however, that a large number of countries will wish to refer to this matter in the programme of action of the Conference on Science and Technology in terms probably similar to those appearing in the Arusha Programme. In fact, such references have been proposed both in the draft programme of action for Vienna prepared by the secretariat of the Conference on Science and Technology and in the important position paper thereon prepared by the Group of 77 for the fourth session of the Preparatory Group for the Vienna Conference.

As to the second sub-item, concerning the role of UNCTAD in the revision of the industrial property system, the Preparatory Committee for the Vienna Conference has already taken the stand, at its second session, that the present international system for the pro-

tection of industrial property constitutes a major obstacle to the effective application of science and technology to development and must therefore be revised. This position will no doubt be re-emphasized at the Vienna Conference, together with the formulation of broad directives for such a change. But again it seems that there will be no opportunity in Vienna for the formulation of specific proposals on the legal nature and language of such changes.

The third sub-item, entitled "Strengthening the technological capacity of developing countries including accelerating their technological transformation", is really identical with the main and central issue of the Vienna Conference. The UNCTAD secretariat in its studies so far has made a major contribution towards clarifying the problems of technological dependence and towards identifying measures to reduce it (in order to make developing countries more self-reliant).

It has now gone even farther, by recommending in its paper on technological transformation (TD/238) a policy for action at all levels: national, subregional, regional and international. It outlines the structural changes which are necessary if developing countries are to industrialize and to diversify their production in all sectors of their economies and—most important—if they are to obtain and master the knowledge required for this purpose.

There is great convergence—often, I would even say, identity—of thought between the report presented by the UNCTAD secretariat on this sub-item and the findings and recommendations emerging from what we call "the ascending preparatory process" for the Vienna Conference. The basis for that process comprised 135 national papers prepared by individual Governments, analysing the role of science and technology in the socio-economic development of their countries in the broadest way, and two rounds of regional meetings.

This identity of thought is particularly apparent in paragraphs 114 to 139 of the report of the UNCTAD secretariat covering action in the area of technology transfer by developing countries, individually and in co-operation, and by the international community as a whole.

The Secretary-General of the United Nations Conference on Science and Technology for Development wishes to stress the significance of this convergence of views which has been arrived at separately in two independent United Nations forums. He also wishes to express on this occasion his sincere gratitude for the active participation and highly valuable contribution of the UNCTAD secretariat throughout all the stages of the preparatory process for the Vienna Conference. He hopes this collaboration will continue, not only over the three months that still separate us from the Vienna Conference but also beyond, when the action programme to be decided upon by the Conference will have to be implemented.

To this effect, it would be most useful to have before the Preparatory Committee of the Vienna Conference, at its fifth session, from 25 June to 6 July, a full report on the fifth session of the United Nations Conference on Trade and Development.

With regard to the fourth and last sub-item of agenda item 13, concerning the reverse transfer of technology, let me just say that it will also be considered in Vienna, and that consequently any decisions reached here in Manila will have to be taken into account there.

In conclusion, I would like to reiterate our determination and confidence that both the Manila Conference and the Vienna Conference will take us one or even two steps further in establishing the technological dimensions of the new international economic order, mainly by restoring a more equitable balance between countries

and regions in the use of science and the control of technology and by returning to developing countries creative and innovative capacities of their own, so that they may be able to pursue development, not necessarily through imitation, but in harmony with their own particular social and cultural aspirations.

The role of developed countries in this endeavour remains substantial. Their political commitment to a redistribution and restructuring of the international science and technology system is essential. We were most encouraged to see from their national papers for the Vienna Conference their wish, and indeed need, for more and stronger partners in the developing world, and we hope that, as a result of this recognition, their active commitment to the required restructuring might become possible at the Vienna Conference.

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**Statement made at the 167th plenary meeting, on 21 May 1979,  
by Mr. Raúl Prebisch, former Secretary-General of UNCTAD**

I should like to begin by paying a personal tribute to you, Mr. President, as the longest-standing servant of the United Nations, for the outstanding work done in San Francisco by you, together with a brilliant group of eminent men, in laying the foundations for the United Nations and shaping the Charter of our Organization.

Fifteen years have elapsed since the creation of UNCTAD. With the exception of the GSP—which is relatively modest and limited, of course, but not without importance—and without disregarding the considerable progress that has been made with respect to the Common Fund, thanks in large measure to the unflagging efforts of my old friend, Mr. Gamani Correa, very little has been done if one bears in mind the sizeable and growing dimensions of the problems with which the United Nations, and especially UNCTAD, has to cope.

Nevertheless, there is one very important achievement from the political point of view: the problem of development now forms an essential and vitally important part of world political problems. It is however my view that we are taking the wrong approach to resolving it; we are taking the wrong approach in a good number of the developing countries and, with your permission, I would like to refer particularly to Latin America, not only because it is the part of the world that I know best but also because I am going to make some criticisms and I shall feel freer to do so in relation to Latin America, where I was born and where I live.

The privileged consumer society is becoming more and more pronounced in our countries. By this I mean an economic system based, as Pope John Paul II has said, on frenzied imitation of consumption patterns in the industrialized centres. This imitation of consumption patterns, which is proceeding by leaps and bounds in many countries, together with the siphoning off of earnings to the major centres, makes it impossible to in-

crease the rate of capital accumulation. (I mean reproductive capital in terms of both material goods and human training); this, I say, makes it impossible to increase to a sufficient and feasible extent the rate of accumulation of reproductive capital needed to deal, by means of a growth in productivity, not only with the sharp increase in population but also with the needs of the masses submerged in the lower strata of the social structure, who in the majority of cases demonstrably fail to receive the benefits of economic development.

At the start of the 1970s, we in ECLA calculated that 40 per cent of the population of Latin America were relegated to this condition. The proportion has declined, but the absolute figure remains the same. This is a stubborn reality which, in my view, is due in large part not only to the high rate of population growth but also to the considerable waste in the capital accumulation potential which occurs in our countries.

Certain highly simplistic voices are raised in the North telling us that poverty must be eliminated. Very well, but how can poverty be eliminated? By means of a thoroughgoing transformation of the existing system which is inconsistent with the development of the privileged consumer society. I am able to state with all frankness—and lengthy studies have arrived at the same decisive conclusion—that the privileged consumer society, in the form in which it is functioning, does not permit the social integration of the neglected masses. Moreover, as development proceeds, this privileged consumer society not only excludes but also—and this is a very serious matter—generates conflict. This is reflected in an inflationary spiral of a social type which cannot be treated with the old monetary remedies to which many economists are so attached.

Why is this so? Without embarking on a long dissertation, I believe that it is basically due to the fact that, because of social heterogeneity, the upper strata of the

social structure and the upper middle strata are able to lay their hands on many of the fruits of the technical progress and the marked increase in productivity in Latin America. I admit my disappointment, since I was one of the economists who 30 years ago began to view with great hope this blossoming of dynamic forces in Latin America, this growing capacity of entrepreneurs, technicians and administrators. However, the benefits of this entire process, although considerable for those who participate in it, have not filtered down, or to only a very limited degree. It is necessary that these things should be said with all frankness by those men who, without having any political aspirations (which would be rather belated in my case), have an obligation to bring them to Latin America's attention.

This type of development, which is based essentially on social inequality, is the type of development fostered by the attitude of the centres, which devote most of their efforts to promoting it. Then they express surprise and complain about social inequality and about the fact that the benefits of development have not reached the neglected masses. This is part of the system which those same centres have been supporting, especially by means of the transnationals.

I am not going to lapse into commonplaces about the transnationals. Like technology, they are ambivalent. They are positive and have great capacity; at the same time, they are negative by reason of the series of adverse effects they have. They are becoming increasingly associated with the privileged consumer society, where they sow generously but also reap rich rewards.

In throwing their weight behind this type of development, the centres exhibit considerable incongruity and inconsistency. Can there be a clearer and more striking demonstration of this inconsistency than what is happening in trade policy? The determination of the major industrial centres to eradicate protectionism between themselves and to eliminate tariff and non-tariff restrictions is truly admirable, and noteworthy results were achieved in the Kennedy Round. But to what does this liberalization process relate? It relates to all the technologically advanced goods in respect of which the transnationals are constantly making innovations. For this reason, and because of their great drive, the transnationals have been enormously effective in this extraordinary development of world trade.

It should come as no surprise that we should be asked: "What about comparative advantage? The principle of comparative advantage must be respected." For my part, I have believed in comparative advantage since my youth. But what is actually happening? In the case of goods in respect of which we are acquiring a comparative advantage, in respect of which techniques have been refined and evident entrepreneurial capacity has emerged, goods which are not in the forefront of technology, we have not been able to obtain recognition of our comparative advantage; in fact, at the risk of repeating something that has surely been said on many occasions in recent days, not only have long-standing situations been maintained but new manifestations of protectionism are emerging.

We have been told to internationalize production and to open up our markets. Yet we all know what is hap-

pening to the countries that have heeded that advice and achieved industrial exports of some magnitude: consumption patterns have been internationalized far more rapidly than production patterns.

Wherever I look, I reach the conclusion that this prevalent type of development—and I am willing to admit that there are exceptions—serves to dispel an illusion, namely, that we could develop in the image and likeness of the centres. This is not so. We have been incapable of advancing by means of our own forms of development, which correspond to our own economic and social realities. This is a problem which, as I see it, cannot be ignored: how to develop as we ourselves think fit and with a real sense of independence.

I would therefore say that we are witnessing the liquidation of an era. There are other signs of this liquidation process that oblige us to move beyond concepts which prevailed in certain sectors 25 or 30 years ago and which continue to prevail.

Another myth that is being dispelled is that the free play of so-called economic forces will spontaneously provide a solution to our problems. Who can seriously believe that the very grave problems raised by the ambivalence of technology in the biosphere, the very serious problems created by the irresponsible exploitation of depletable natural resources, could be resolved by market forces?

I attach considerable economic importance to the market, as well as political importance. I do not, however, regard the market as the supreme regulator of the economy, whether at the international or at the national level; everything depends on the structure behind the market, on the forces in motion behind the market. Were we to transform this structure and these forces, the market could be an effective mechanism, or one of the effective mechanisms, in the system. This is the second disillusion.

With regard to the third, I hope that you, Mr. President, who were one of the participants at Bretton Woods, will permit me to refer to a remark which you made to me a few moments ago and with which I fully concur, namely, that the perspective in which these and other institutions were conceived was that of the developed countries, that of the centres. The idea that what is good for the centres will also be good for the periphery is one that is also being superseded by events. I believe that there is a very serious crisis in the Bretton Woods institutions; I refer particularly to the monetary institution. However, let us be charitable: there is no international monetary institution that can function when a member country, especially a powerful one, has the ability unilaterally to create large quantities of money.

It is therefore possible to understand the sustained and valiant efforts made by President Carter to eliminate the budget deficit of the United States of America; in other words, to turn off this tap from which a fantastic amount of international liquidity has flowed out of the United States and submerged the world in an inflationary flood. This is merely a general explanation of what is taking place, for I would not wish to become involved in a discussion of why it has occurred; what is certain is that a very serious problem has been created

for the world and for all of us. I also understand very well the position of several major countries with impressive surpluses which are reluctant to expand their economy by expanding the money supply for fear of adding a new domestic inflationary factor to that coming from abroad. This would be to water a field that is already flooded. The first thing to do is to stem the flood, after which more rational monetary practices will be adopted.

This is a matter of great concern to our countries. I recall that in the early days of UNCTAD, Mr. Gamani Corea played a very active part in a group of experts which recommended the creation of an international currency; he strongly supported the thesis (which prevailed in the group as a whole) that a large part of those resources should be channelled into economic development. And I must recognize that important officials of IMF, starting with Mr. Pierre-Paul Schweitzer, whose clear-sightedness I much admire, supported that idea, with the circumspection that is to be found in persons in financial circles and of which we who are not in those circles are lacking. Mr. Gamani Corea will recall that he told us then: "Take care, we must avoid the danger that the developing countries, organized in the Group of 77, might exert such pressure as to lead to world-wide inflation because of their lack of financial moderation." Does he remember this argument, and others? How strangely ironical events can sometimes be. We have not had the link which Mr. Gamani Corea sought, but we have had inflation.

All this has led to a recession: a new manifestation of the economic cycle. The consequences are very serious for our countries. Moreover, the recession of the centres is accompanied by protectionism, with very harmful consequences for our exports.

So what is to be done? What can we on the periphery do so long as this precarious situation continues to exist in the major centres? Is there something that can be done? Yes, there is much that can be done. Those boom years in the centres that ended with the oil crisis—which, let it clearly be said, is not responsible for the recession or for inflation, although it aggravated it—those boom years dazzled many developing countries. Previously, we had witnessed the spread of the sound doctrine that it was also necessary to stimulate trade flows among ourselves. Very little was done during those boom years. Initiatives in which we had placed great hopes were paralysed. And today the old problem has returned, the persistent problem of the external constriction of our economies to a greater or lesser extent, with the exception of the petroleum-exporting countries, some of which are already experiencing certain symptoms as well.

I believe that it is necessary to bring this problem to the fore once again and, if it is necessary to discard former ideas, ideas that might be deemed mistaken, let us do so and seek new formulas. In my opinion, it is essential to strike at the root of the problem, that is to say, at all those dynamic imports, capital goods, intermediate products, and some consumer goods resulting from innovations, in which the tendency towards imbalance essentially occurs. That is where we must tackle the problem. And I say with all sincerity: let

us not expect that if we do not tackle this problem we shall be able to dump on the centres all the industrial products that we need to export to finance our development. Let us not fall into one more illusion. However hard we may try to conceive of a highly liberal policy being followed by the centres, we shall not resolve our problem of external constriction by that means alone: it must be done through our own constructive activity, through the establishment of new industries producing all the goods that we would be unable, failing such action, to import from the centres. This is not a theoretical concept but rather a conclusion based on observation of stubborn reality.

I believe that a joint effort is called for here. I cherish the hope that the petroleum-exporting countries will participate in investments in order to develop this type of industry, which would be advantageous to all, including the centres, because a good proportion of the resources thus mobilized would flow back to the centres for the purchase of capital goods.

It seems to me that this is a point of the utmost importance from the political as well as the economic standpoint, because a gesture of this nature on the part of the petroleum-exporting countries could help to dissipate certain divisive tendencies which appear from time to time and which were evident at the latest meeting of ECLA at La Paz. I therefore look forward to a very determined and understanding attitude on the part of the petroleum-exporting countries.

Approaching the subject from another angle, there exists in our countries enormous potential for capital accumulation because of the steady increase in productivity as a result of technological penetration. It is a potential that must be utilized. I do not say that this is an easy political problem, because it involves curbing the consumption of the privileged groups.

What other solution exists? In my opinion, there is no solution other than to combine our own efforts to promote trade—a matter on which, happily, the developing countries took vigorous action at Arusha—and to mobilize these internal resources.

This does not mean that I endorse the new theory of breaking the links with the centres. The economists who advocate that theory say that, in view of the meagre results obtained in 15 years, the links with the centres should be severed—as if it were an operation similar to cutting the umbilical cord, after which the child will grow vigorously. It is not possible to maintain such a simplistic view in this complex world.

On the contrary, I believe it necessary not only not to break the links with the centres but to forge increasingly closer links with them; however, they must involve new forms of relationship with the centres, not the old kind. There can be no doubt that the centres are not ready to make the necessary changes, but neither are the developing countries.

Therefore I am more and more convinced of the need for a joint strategy to resolve a common problem, the need for convergent and systematic measures that should be taken by the centres or that they should at least already commit themselves to taking: measures that the centres should take and that the periphery

should also take, since development is a common problem from the economic and social standpoints, as well as in relation to the biosphere and to ecological considerations; we live in a single world that is not divisible.

We shall be told: "Is he not naive to think that the centres, which are currently beset with problems, are going to begin discussing a strategy?" But why not? It will be recalled how the great creations, the momentous creations of the post-war period were conceived during the war; there were men who were thinking of such things and who put them on the negotiating table and brought about the triumph of an act of foresight and great rationality. Why should we not begin to work in this direction?

The more I think about this, the more I am convinced that, without such a combined effort, without joint commitments, without the concerted political will of both the centres and the periphery, we shall not be able to resolve the common problem of development. What are needed are national measures on both sides, for let us not forget that, of themselves, there are no intrinsically international measures: all are national measures which are co-ordinated and harmonized for the achievement of great objectives.

It will not be easy to persuade people of all this, whether in the North or in the South, but I do not think that there is any other choice. If there is, let them tell us where it lies. And by "them" I mean both the countries of the North, whether capitalist or socialist, and the countries of the South, irrespective of their economic or social systems. I believe that events compel us to rise above differences between systems and to concentrate all our attention on the fundamental problems, which, in reality, transcend systems.

I believe that, in the centres, the idea that they cannot isolate themselves by a *cordon sanitaire* from the adverse events at the periphery has already gained ground. For the first time, they are talking of interdependence. Of course, it is interdependence between non-equals, but in any case the adverse effects on the periphery of the centres' failure to act will sooner or later rebound upon the centres themselves. Such is the complexity of the modern world.

In the same way, our developing countries must also convince themselves that there are no internal *cordons sanitaires* that isolate those groups on which development has smiled from those that have been left behind. There are none, and the most elementary sense of

foresight, which is the mark of enlightened statesmen, calls for the recognition of that fact.

But I should not like to spend the last few minutes of my statement foretelling future ills. I could, with a little imagination, describe the evils that will result from this uncontrolled drifting of the developing world. But no, I prefer to invoke, with great conviction, the image of a developing world where, for the first time in history, we have a technology capable of resolving the problems of human well-being—and, why not say it, of human dignity. A technology that is ambivalent: its adverse consequences on the centres are understood, but there is still no clear understanding of the very serious problems that technology and other phenomena based on imitation of the centres are creating at the periphery.

That is why I urge combined action, the joining of political wills. I believe that, for the first time in history, technology offers such opportunities, in addition to the risks it entails, and that we are squandering those opportunities; we are squandering them at the periphery and, if I may also be allowed to speak as an old international civil servant, we are squandering them in the United Nations. I am more and more struck by the proliferation of working groups and committees that are being invented to elude the solution of concrete problems. And, confronted with the unity of OECD in Paris, the Group of 77 is becoming dispersed. There is a group in Geneva which looks askance at the group in New York and vice versa, and there is another group in Rome. But I sometimes think that we are becoming the victims of a dynamic of chaos, which we must overcome, which is not leading us to positive results.

Confrontation is all very well, confrontation has a certain role to play, but beyond a given point it not only yields diminishing returns but also becomes a source of disruption, for it dissipates and goes on dissipating constructive opportunities. It is to those constructive opportunities that we must turn, not only for economic and political reasons but also for fundamentally ethical reasons. Two centuries of faith in the regulatory virtues of the laws of economics have caused us to lose sight of the ethical aspect of development. It is forgotten that, before writing his monumental work, Adam Smith was a teacher of ethics. We, for our part, should not forget it too. This entire transformation must arise from an ethical impulse—still very weak at present—to bring it about, and great rationality is required to make a reality of it, to achieve it by combining the efforts of the centres and of the periphery in the common and pressing enterprise of economic and social development.

**UNITED NATIONS ORGAN**



**Statement made at the 158th plenary meeting, on 14 May 1979,  
by Mr. Orhan Eralp, Permanent Representative of Turkey to the United Nations at New York,  
speaking in his capacity as Chairman of the Mission of the United Nations Council for Namibia**

The delegation of the United Nations Council for Namibia would like to take this opportunity to express its appreciation for the invitation extended to the Council to participate in this fifth session of the United Nations Conference on Trade and Development. The United Nations Council for Namibia wishes this Conference success in its deliberations.

In May 1976, the Council for Namibia had a rare opportunity to participate in a similar session of the Conference, held in Nairobi, Kenya. At that fourth session, the delegation of the Council introduced and familiarized the participants with the problem of Namibia at great length. This problem of Namibia and the search for a solution to it is indeed as old as the United Nations itself. The people of Namibia have suffered far too long under the oppressive *apartheid* system which the Government of South Africa has imposed upon them. The United Nations has passed numerous resolutions in an effort to resolve this problem in a peaceful manner, but the Government of South Africa has refused to co-operate with the efforts of the United Nations and still continues to occupy Namibia illegally. Furthermore, South Africa has in Namibia an army estimated at about 60,000 troops. This army is used to harass and murder the Namibian civilian population and also to attack independent neighbouring African States. Not too long ago, this army crossed into the Republic of Angola and massacred Namibian refugees at Cassinga. The raids by South Africa into independent African countries have worsened the situation in southern Africa to the extent that it now threatens peace and security in that region.

The Security Council, by its resolution 435 (1978), sought to provide a plan through which the problem of Namibia would have been resolved peacefully. This plan provided for elections supervised by the United Nations, with all parties participating. But the Government of South Africa, with its characteristic obduracy, has frustrated the implementation of that United Nations plan. Now South Africa is concocting all types of schemes in order to install its puppets in power through the medium of the so-called internal settlement. Through this so-called internal settlement, South Africa intends to ensure its continued illegal occupation of Namibia.

As the delegation of the Council for Namibia stated during the fourth session of the Conference, Namibia is not only illegally occupied by South Africa but is also a victim of the most ruthless exploitation, both by South Africa and by a multitude of transnational corporations. All of them are engaged in a concerted effort to denude Namibia of its non-renewable natural resources without reference to or sanction of the real owners, the people of Namibia.

It was precisely for this reason that the Council enacted Decree No. 1 for the protection of the natural resources of Namibia in 1974. This action was taken to safeguard the national wealth of the Namibian people until they achieved independence.

The effectiveness of this decree depends entirely on the support of the international community, and of the developed countries in particular. The Council relies on the goodwill of all Member States of the United Nations and all international organizations and agencies to make the decree a decisive element in the liberation struggle of Namibia. Forfeiture of all goods and shipments originating from Namibia in transit within the jurisdiction of any Member State, as well as restrictions on economic collaboration, would expedite the process of decolonization and help to end the illegal occupation of Namibia.

Development embraces, as it must, the entire economic and social life of a nation in transition. Unfortunately for Namibia, the Government of South Africa has always measured growth essentially by a few identifiable units of output, to the total exclusion of all other universally recognized considerations. Such growth, in itself, leads to no progress or development, since the domestic market it creates is a limited one, mostly restricted to towns, and its benefits flow to a few white business tycoons.

The South African occupation of Namibia since the First World War has created a political and social environment which has institutionalized disparities on the basis of racial and social discrimination. Only a fundamental change of direction can eradicate those disparities and lay the foundations for balanced economic development.

Namibia is an underdeveloped country. Other significant features which we cannot ignore are the cheap labour and strategic minerals, such as uranium, that Namibia contributes (albeit unwillingly) to the economy of South Africa. South Africa has therefore, for obvious reasons, incorporated the Namibian economy into its own grand design. The control by powerful foreign economic interests of the major resources of Namibia would be a major problem for independent Namibia.

The delegation of the Council is aware of the nature of your deliberations. You are seized with issues of great urgency and significance. It is essential that the developing countries, as major producers of raw materials, be able to formulate more equitable conditions to accelerate their national development. My delegation is convinced of the need for the strengthening of the economic position of developing countries through increased economic co-operation among them. Such co-

operation could lead to greater self-reliance and economic independence.

We favour such co-operation, particularly in the area of trade at the subregional, regional and interregional levels and at the international level. Trade among developing countries could be facilitated by improving the existing means of communication. This would make commodities more accessible to markets.

In the area of technical co-operation, the Council for Namibia has established the United Nations Institute for Namibia at Lusaka in order to train the future civil servants of an independent Namibia in the techniques of public administration. The Institute is financed by the voluntary contributions of member States.

The mainstay of the economies of most of the developing States is agricultural production. It is imperative, therefore, that methods for enhancing agricultural yields should receive priority consideration.

Namibia has a rich agricultural potential. Neglect by the illegal occupying authority has, however, created a situation of insufficiency. Agriculture has been ignored and Namibian water resources remain underdeveloped, while Namibian minerals are being shipped away. The people of Namibia anxiously await the dawn of liberation and are assiduously trying to usher it in at the earliest possible time so as to save their homeland and national resources for their benefit and that of generations to come.

The delegation of the Council, speaking on behalf of the people of Namibia, urges the delegates to the fifth session of the Conference to tackle the problems that beset us all in a bold and imaginative manner, so as to find practical solutions. Given the wealth of knowledge and experience assembled here, we are confident that a

climate of understanding and co-operation can be created, to the mutual advantage of both the developing and the developed countries.

We must spare no effort to restructure the world commodity economy realistically so as to improve the terms of trade of developing countries and thereby to increase substantially their earnings from export commodities in their raw and processed forms and eliminate the economic imbalance between developed and developing countries.

The struggle for the independence of Namibia has reached a new and critical juncture. It is at this crucial stage that the international community must step up its support for the cause of Namibia. In that context, the Council for Namibia has sought and obtained membership in several international organizations and specialized agencies associated with the United Nations. The decision of the Council to seek membership in international organizations is in keeping with General Assembly resolution 32/9 E, which requested "all specialized agencies and other organizations and conferences within the United Nations system to grant full membership to the United Nations Council for Namibia so that it may participate in that capacity as the legal Administering Authority for Namibia in the work of those agencies, organizations and conferences". This resolution was adopted by the General Assembly on 4 November 1977 by 136 votes to none, with 4 abstentions.

In that connection, the delegation of the Council for Namibia is requesting this Conference to grant full membership to the United Nations Council for Namibia in UNCTAD. We believe that membership in UNCTAD will enable the Council effectively to represent Namibia and its people and further to isolate the racist Government of South Africa, which occupies Namibia illegally.

**SPECIALIZED AGENCIES  
and GATT**

**Statement made at the 157th plenary meeting, on 14 May 1979,  
by Mr. K. F. Yoshimura, Assistant Director-General of the International Labour Organisation  
responsible for activities in Asia and the Pacific**

It is with great pleasure that I bring to you the greetings and best wishes of the Director-General of the International Labour Office.

At the outset, let me recall the high regard of ILO for the work and activities of UNCTAD and their complementarity, and to emphasize the importance of close collaboration between these two organizations in the common objective of improving standards of living throughout the world and in economic research, particularly in regard to international division of labour, transfer of technology and international capital movements.

The achievement of high levels of employment and the alleviation of poverty are among the cardinal objectives of ILO. The resolution of these problems must be sought not only in the types of domestic policies but also in the framework of major changes in the structure of world production, in trade, and in the volume, directions and conditions of resource transfers.

In 1976, the World Employment Conference called on countries to include, as a priority objective of their strategies and national development plans, the promotion of employment and the satisfaction of the basic needs of their populations. It was prompted to do so by the evidence that past patterns of growth, far from bringing higher levels of welfare for all people, were leaving in many countries large and often growing islands of poverty and destitution, contrasting with the rising levels of prosperity enjoyed by others. Unemployment, underemployment, low productivity employment and poverty were seen as closely intertwined. And the Conference stressed the capital role that productive employment must play in a strategy designed to alleviate poverty: employment, it emphasized, yields an output. It provides an income to the employed, and gives the individual a feeling of self-respect, dignity and of being a worthy member of society. A strategy of development that enhances the growth of productive employment is one that promotes both economic growth and a better sharing of the fruits of that growth. It is a strategy that seeks to combine growth with equity.

The World Employment Conference outlined a number of policy fields—general economic policies, sectoral policies, in particular for the rural sector, social policies for vulnerable groups—to achieve this dual objective. But it was very much aware at the same time that national efforts alone were not sufficient to break the vicious circle of poverty. And it therefore stated its conviction that changes in international trade and finance in favour of the developing countries, in short, the establishment of a new international economic order, were needed to make possible the achievement of the objectives of full employment and the satisfaction of

the elementary needs of each country's population. Thus although the concept of a new international economic order is distinct from an employment and basic needs approach to development, in practice they appear as complementary.

Within this context, the first problem of crucial importance is that of the interrelationships between international trade and adjustment policies.

There is no doubt that if the Lima target (25 per cent of world industrial production coming from developing countries) is to be reached and further progress made towards achieving employment and basic needs objectives, developed countries must give developing countries every opportunity to compete effectively in sectors where they possess a comparative advantage and have or can develop a sizeable productive capacity. This implies changes in international as well as national systems and structures of production.

But the whole adjustment operation implies more than industrial restructuring. It also involves policies aimed at minimizing undesired social consequences of structural change. Adjustment measures should be both remedial and anticipatory. Adjustment assistance policy should be designed well before workers lose their jobs. This should include the identification of activities likely to be affected, the design of policies that could stimulate the shift of resources to more competitive industries, the establishment of retraining programmes and income compensation systems for displaced workers, and the setting up of regional or national readjustment funds by the industrialized countries or the adaptation of existing funds for the purpose of assisting in the adjustment of industries and workers affected by changes in the international economic situation.

It is on account of these problems that there might be an increasing temptation for the industrialized market-economy countries, which are absorbing most of the rapidly rising exports from developing countries, to resort to protective measures in order to stem further losses of jobs even when these are located in declining industries. In principle, the objective is often to gain a breathing spell during which to implement a difficult adjustment process; temporary trade restrictions for this purpose appear justifiable. In practice, however, they tend to become a permanent feature of the economic life of the countries concerned and serve more often to keep contracting industries alive than to expand more promising lines of production.

There is little experience of successful adjustment except in times of very fast growth. As recognized by the May 1978 ILO Tripartite Symposium on adjustment assistance and employment restructuring, the adjustment process involves complex economic, social and

political considerations which have been compounded by the unfavorable economic and social conditions prevailing in developed countries. To overcome these difficulties it is necessary that Governments and employers' and workers' organizations combine efforts in order to develop adjustment policies acceptable to all the parties concerned. Indeed, trade union and management involvement at the inception and in the implementation of adjustment measures is a major condition of their success.

The 1978-1981 ILO work programme on employment, trade and North-South co-operation will help to clear up some of the above issues. Indeed, this ambitious work programme intends to answer three principal questions: (a) to what extent can the growth of exports, of internal demand and of purchasing power of developing countries contribute to the success of the industrial restructuring policies in developed countries? (b) to what extent can economic and social development in developing countries help reduce unemployment in developed countries? (c) what are the criteria to identify key export sectors and key categories of internal demand which, in developing countries, will be the principal agents of development in the next 10 years?

The preliminary findings of this programme, carried out in close collaboration with UNCTAD and other agencies concerned, will be presented and discussed at a Tripartite Symposium on employment, trade and North-South co-operation in May 1980, as an ILO contribution to the special session of the United Nations General Assembly of mid-1980 on the new international economic order.

The second problem of primary importance for this Conference, with which ILO is also deeply concerned, is that of the transfer of technology.

The activities of UNCTAD in relation to technology transfer are consistent with those of several other United Nations bodies. In particular, the Declaration of the World Employment Conference in June 1976 called upon ILO to strengthen its research and technical co-operation activities in respect of technologies for productive employment. Although it is desirable that technologies should be chosen that are appropriate to employment and income generation, the World Employment Conference suggested that what was required was a reasonable balance between labour-intensive and capital-intensive techniques. This is common sense. For example, a very significant input to increase agricultural production is fertilizers; yet the production of fertilizers affords very significant economies of scale using capital-intensive technologies. On the other hand, although there can be no doubt that a balance between different kinds of technology is necessary, it is equally evident that the international system of technology transfer is weak in respect of small-scale, simpler technologies, about which much more information is required by entrepreneurs, factory managers and banks in developing countries. In co-operation with UNIDO, therefore, ILO recently launched a programme of information dissemination on appropriate technologies which is designed to provide useful information to managers in manufacturing, agricultural and construction activities. A series of

technical memoranda are now being prepared in the context of this programme for joint publication by the two organizations in 1979 and 1980. The memoranda will be produced and distributed at the lowest possible cost in order to reach a wide audience in developing countries. Allied to this programme, research is continually being carried out at ILO headquarters on different aspects of technological choice and change and their relationship to employment creation. This research work supports both information and dissemination activities and technical co-operation on projects implemented by ILO.

In Asia itself, a tripartite symposium on "the choice of technology and employment generation in Asia with particular reference to manufacturing" is to be held by ILO (with financing by the Danish International Development Agency) in Bangkok in June. In the last year, workshops have been held in Indonesia and Pakistan on labour-intensive methods of road construction. (It should be noted incidentally that such methods are not simply a way of generating employment: in many circumstances they also require less expenditure from the public purse per mile of road constructed.)

ILO is also implementing a series of technical co-operation projects financed by UNDP and multilateral and bilateral agencies, all designed to promote the practical application of appropriate technologies in one way or another. For example, in the Philippines itself, one important project has concerned the development and use of appropriate technologies in forestry operations.

Finally, I would refer to the work of ILO in the field of multinational enterprises and social policy. ILO seems to have been one United Nations agency which has succeeded in reaching a consensus position on this often contentious subject. In 1977, the ILO Governing Body adopted a Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy; *inter alia*, that Declaration stressed that multinational enterprises should pay due attention to the importance of using technologies which generate employment, both directly and indirectly, and should as far as possible adapt technologies to the needs and characteristics of host countries.

A third problem, also very crucial, is that of the brain drain, in other words of the reverse transfer of technology.

The emigration of skilled and professional personnel is dealt with by ILO within the framework of activities relating to workers generally or to persons who migrate in search of employment, regardless of the level of qualification of the workers in question and whether or not they are wage-earners. In considering the problems posed by migration and, in particular, by its consequences for the countries of origin, a level of qualification fixed in advance in a more or less abstract manner will not necessarily prove to be a significant factor.

What should be the cut-off point? Is not the emigration of middle-level personnel who are in short supply more harmful in some cases to a developing country of origin than that of professional personnel who are in over-supply, i.e. are underemployed or unemployed?

The ILO World Employment Programme has long been concerned with these and other questions. Several dozen studies have been undertaken or are in progress. They include investigations of the alternatives to international migration in the framework of the new international economic order, such as the recently published book, *Trade in Place of Migration*.

The ILO World Conference on Employment in 1976 adopted a series of action-oriented recommendations designed to provide guidance for policies relating to international migration generally, as well as to the brain drain. More recently, in November 1977, a tripartite meeting convened by ILO adopted a compendium of principles and good practices relating to the conditions of work and employment of professional workers.

In referring to these two events, I have implicitly indicated the two major axes of ILO action, which are: (a) to examine patterns and policies of international migration and thus to promote mutually beneficial and agreed measures; (b) to ensure that migrant workers receive equal opportunity and treatment. ILO has

sought ways and means of giving effect to a number of proposals.

I have referred more than once to the Declaration of Principles and Programme of Action adopted three years ago by our World Employment Conference. The Conference has given us a blueprint for continuing our efforts, and I have indicated some of the lines we are currently pursuing and which coincide with your own concerns. But that is not all. Next month, the International Labour Conference will consider the action that has been taken and the action that still needs to be taken by ourselves, by our member States and by the international community with a view to achieving the objectives boldly set out by the World Employment Conference. The outcome of your debates will form part of the backdrop to our own Conference's discussions. I hope, indeed I am confident, that, in an increasingly interdependent world, in a world in which social and economic objectives find themselves indissolubly linked, these two events will be stepping-stones towards a better future for mankind.

**Statement made at the 158th plenary meeting, on 14 May 1979,**

**by Mr. Edouard Saouma, Director-General of the Food and Agriculture Organization of the United Nations**

It gives me great satisfaction to be once again in the wonderful city of Manila, and to have the opportunity to address the fifth session of the United Nations Conference on Trade and Development. At the outset, I would like to express my sincere appreciation of the inspiring and dynamic leadership of Mr. Gamani Corea, under whose guidance UNCTAD has made a significant contribution to the progress towards the new international economic order.

As Director-General of FAO, I make no apologies for focusing my remarks on the role of agriculture in the world economy, and its significance in the wider context of progress towards the new international economic order.

*The role of agriculture*

Agriculture remains the mainstay of the economies of most developing countries. It is the principal source of income and the predominant source of employment. As the largest single foreign exchange earner for imports of capital goods and other vital necessities, it prescribes the rate and pattern of social and economic development. Also, a prosperous agriculture is the best guarantee for industrial prosperity and sustained growth. It provides the raw materials to and the market for industry.

Despite this crucial importance of agriculture, the increase in agricultural production in the developing countries during the 1970s has barely matched the rate of 3 per cent achieved in the 1960s. What is worse, it has been slowest in the poorest countries, especially in Africa. The consequences of inadequate performance in the agricultural sector have been far-reaching, and have affected all other sectors of the economy.

The most immediate effects have been to aggravate undernutrition and poverty. The number of severely undernourished people in the developing market economies rose from about 400 million in 1969-1971 to about 450 million in 1972-1974.

The shortfall in domestic production has to be offset by higher food imports. Food aid has been available to meet only part of the food deficit—and a continuously declining share of the gap.

*Food gap*

In 1976, the non-oil-producing developing countries spent over \$10 billion on commercial food imports. This was equivalent to one third of their current account deficit, and offset the benefits of more than 80 per cent of ODA in that year.

*Agriculture and the new international economic order*

Moreover, the disappointing performance of agricultural and food production has contributed to the failure of the developing countries to achieve greater self-reliance. Also, it has impeded the acceleration of overall growth and hence a narrowing of the gap between rich and poor countries. These are important objectives of the new international economic order. The lagging agricultural sector which supports most of the world's poorest people has also contributed to the failure to achieve the social objectives of the International Development Strategy.

One can hardly emphasize how critical to the establishment of the new international economic order is an acceleration in the rate of agricultural growth and in investment. Closely associated with this is the need to achieve world food security for assuring stable supplies



of food at all times at reasonable prices. No less important is the increasing participation of the developing countries in world agricultural trade.

I would like to discuss each of these issues, highlighting the courses of future action.

#### *World food security*

The growing food gap of developing countries continues to pose a major food security problem. Cereal import requirements of developing countries have been escalating rapidly. Since 1974, cereal imports of the developing countries have increased from 60 million tons to nearly 80 million tons. Moreover, the recently completed FAO projections indicate that, if present trends continue, cereal imports will rise to 94 million tons by 1985. Even at this high projected level, the additional needs of the undernourished will not be met.

Another disturbing feature is the low level of food reserves in developing countries. Lack of adequate stocks leaves most developing countries exposed to food shortages in case of crop failures.

#### *International undertaking*

Let me remind the Conference of the International Undertaking on World Food Security adopted by the FAO Council in 1974. This Undertaking was endorsed by the World Food Conference and formally adopted by 75 Governments and by EEC. It is designed to ensure food security through a combination of measures, but first and foremost through the creation of a co-ordinated system of national food reserves. From the outset, however, it was expected that the objective of food reserves could best be achieved through a new international grains arrangement. Early this year, the United Nations Grains Negotiating Conference failed to agree and adjourned indefinitely.

#### *Five-point action plan*

This meant that a new global food shortage would find the international community little better prepared today than it was when the last crisis broke in 1973-1974. In view of this precarious situation, I have proposed a five-point plan of action which I hope will reduce the immediate dangers and also ease the way for resumed negotiations. The FAO plan consists of five basic points. It requests all countries to establish national food reserves and stocks without delay and proposes a set of guidelines for the management and release of stocks. It includes provisions for assisting developing countries to meet their growing food import requirements and emergency needs. It suggests measures to strengthen their own food security programmes through national measures as well as through collective self-reliance.

This plan of action was adopted by the FAO Committee on World Food Security in April and will shortly go to the FAO governing bodies for approval. It has received the whole-hearted support of the President of the World Food Council, Mr. Arturo Tanco.

This plan of action does not claim to resolve the world's long-term food security problems. Nor is it seen as a substitute for an internationally binding grains arrangement. But it does provide for a series of voluntary

actions which would meet some of the most pressing problems of the low-income deficit countries. I hope this Conference will lend its full support to these objectives.

#### *Resources for investment*

The lasting and long-run solution to the problems of food security lies in the acceleration of food production in developing countries themselves. This requires a major shift in their development priorities and policies in favour of food and agriculture. It calls for a substantial increase in the flow of resources for investment in this sector.

#### *Need for investment*

The capacity of the developing countries to mobilize additional resources is very limited. The flow of external assistance from the international community needs to be substantially expanded. FAO estimates that the annual investment in agriculture of the developing countries would have to be approximately doubled during the 1970s in order to achieve the necessary expansion in production. One third of the total would have to come from outside, and up to two thirds from domestic sources.

In this connection, I would draw attention to the special report which FAO has prepared for this Conference, at the request of the Secretary-General, on the long-range commodity outlook and development priorities for agricultural products of special interest to developing countries.

Despite the recent increase in the commitments of external assistance for agriculture, they remain only half of the estimated requirements. Also, a much more than proportionate increase is needed in external assistance on concessional terms for the agriculture of the poorest developing countries.

#### *International Fund for Agricultural Development*

In this context, IFAD has a unique status. It has an exclusive mandate for agricultural development with emphasis on the needs of the poorest and the poor countries. There is an urgent need to ensure the replenishment on a regular basis of the initial resources of IFAD.

#### *FAO role in investment*

It is also necessary to enhance the capacity of the developing countries to make effective use of investment resources. Increased assistance is needed in the identification and preparation of viable investment programmes and projects. FAO, through its Investment Centre, has strengthened its activities in expanding the portfolio of investment projects in the field of agriculture and rural development. For example, in 1978, 41 projects prepared with the help of FAO resulted in total investments of \$3.7 billion.

#### *World Conference on Agrarian Reform and Rural Development*

The objectives of agricultural and rural development must go beyond the mere attainment of production targets; they include the alleviation of poverty, the attainment of social equity and justice. They encompass

the mobilization and participation of small farmers and landless labourers in the development process.

Changes in international trading systems for improved access to the markets of industrialized countries and stable levels of export earnings are also of critical importance to achieving rural development goals. Parallel to this is the need for the external trade policies of the developing countries themselves to be geared more directly to the objectives of rural development.

These problems will be tackled at the World Conference on Agrarian Reform and Rural Development, which will be held in Rome in July. In the preparation of this Conference, FAO has received close collaboration from the agencies of the United Nations system, including UNCTAD.

### *The need for an expanding world market*

#### *FAO trade projections*

This brings me to the problems of world trade. For it would be the height of cynicism to encourage developing countries to increase production if in the end they are unable to find remunerative markets. The latest FAO agricultural commodity projections to 1985 indicate that exportable supplies could rise faster in developing countries than in developed countries for most commodities. This is highly significant. It implies that developing countries have the capacity to retain—or even improve—their share of world agricultural trade. It points to the need and possibility of a continuing shift in the location of processing of agricultural products towards developing countries. FAO, through its commodity policy at the country level programme, assists the developing countries in identifying and exploiting export opportunities, including trade among developing countries themselves.

#### *Protectionism*

But these opportunities can be seized if, and only if, developed countries allow access to their import markets. Protectionism is a long-standing and, indeed, chronic problem in agriculture. It is difficult to measure, even approximately, the overall scale of recent changes in agricultural protectionism, especially as increasing use is made of so-called export "restraints". Nonetheless, the severity of the problem can be demonstrated by a few examples: for sugar, widespread measures have been taken either to control its imports through import charges and import licence schemes, or to promote exports by heavy export subsidies; as regards meat, a large number of the traditional importing countries have either suspended or limited their imports through extensive use of quotas and other restrictions; for agricultural raw materials, while exports of fibre have remained largely exempt, imports of processed products continue to be affected by stringent measures; as for cassava, the success in expanding its share of the traditional markets for feedstuffs has induced "negotiated" export restraint agreements.

How far the conclusion of the protracted GATT multilateral trade negotiations will improve this situation will require careful examination; certainly, many developing countries have expressed their disappoint-

ment with the lack of concessions in sectors of great importance to them.

### *The Common Fund and the Integrated Programme on Commodities*

On the other hand, there has been widespread satisfaction with the recent agreement reached on the fundamental elements of the Common Fund. It may be that this agreement does not meet fully the original objectives and aspirations of the developing countries. But, equally, I believe that this consensus is a big step forward in the context of the Integrated Programme for Commodities, which continues to have the wholehearted support of FAO. In my view, however, it is essential that the Fund, and especially the second window, should be available for all agricultural commodities of export interest to developing countries, even in the absence of a formal commodity agreement. I have therefore been in contact with Mr. Gamani Corea, the Secretary-General of UNCTAD, to indicate my readiness to explore ways of our co-operation in the future operations of the second window.

#### *Co-operation with UNCTAD*

Since the adoption of the Integrated Programme on Commodities in Nairobi, FAO has accorded high priority to its support to UNCTAD. It has worked in close partnership with the UNCTAD secretariat. We have prepared documents for and are participating in preparatory meetings on tea, oilseeds, cotton and meat. For hard fibres, sisal and henequen, coir and abaca, FAO has prepared a technical improvement programme. This is intended to strengthen the competitiveness of the natural product vis-à-vis synthetic substitutes. There is an ongoing project on jute, designed to achieve a similar objective.

Our collaboration with UNCTAD stems from our firm belief that comprehensive action must be taken to tackle the root causes of instability in world markets for agricultural exports. With this in view, I am proposing that our support to UNCTAD should remain one of the priority areas in the FAO programme of work and budget for the next biennium, 1980-1981.

#### *Role of FAO intergovernmental groups*

While full support is being given to the Integrated Programme, FAO has been continuing to make its own contribution to the new international economic order.

Through its intergovernmental groups, it keeps under constant review the problems of international commodity markets. But the work of the groups goes beyond a mere analysis of the market. In some cases, like jute and hard fibres, the FAO groups operate informal agreements to stabilize trade and prices within an indicative price range.

In others, like tea and bananas, the groups have served as the forum for preparatory work towards negotiations under UNCTAD.

The groups on rice, meat and oilseeds, oils and fats have evolved the development of international guidelines. These are designed to harmonize national commodity policies of both producing and consuming

countries. The aim of the guidelines has been to reach a balanced expansion in production, consumption and trade.

### *Rice, critical crop in Asia*

Barely two months ago, the FAO Intergovernmental Group on Rice unanimously endorsed the basic objectives of a proposal by the Government of the Philippines to study international action to stabilize rice supplies and prices. The Group also revised the guidelines on national and international action on rice, first adopted in 1971. It called on donor countries and international agencies to increase financial and technical

assistance to rice production and to rice stock programmes in developing countries.

I should like to end with a word of caution. The new international economic order cannot be achieved without sacrifices. We cannot evade the hard decisions that it entails. It involves policy changes and mobilization of domestic efforts and resources in the developing countries. It calls for equity in international economic relations in trade, transfer of technology and resources. It requires adjustment in the domestic economies of the developed countries. Above all, we must have faith, commitment and political will at both the national and international levels.

### **Statement made at the 152nd plenary meeting, on 10 May 1979, by Mr. Robert S. McNamara, President of the World Bank**

It is an exceptionally opportune time for the United Nations Conference on Trade and Development to meet. Critical decisions affecting the world's economic relationships are being hammered out just now in half a dozen international forums.

In UNCTAD itself, work is culminating on the financing of commodity stabilization agreements and the structure of the Common Fund; in GATT a new multilateral trade agreement is nearing completion; the World Bank is moving toward final decisions on a major capital increase and the sixth replenishment of IDA; the United Nations is formulating a development strategy for the 1980s and beyond; and the Brandt Commission is about to draft its overall recommendations.

All of these steps are important. But if we are to accelerate economic and social advance throughout the world, there are other steps that must be taken as well.

This fifth session of the Conference affords us the opportunity to identify them.

Last September I drew the attention of the international community to a shocking conclusion of *World Development Report, 1978*. And that was that, even if the projected—and optimistic—growth rates which the report envisaged were achieved, some 600 million individuals at the end of the century would still remain trapped in absolute poverty. Now, that clearly is unacceptable.

But, as I pointed out, to attain even these rates of growth, on which the projections of absolute poverty were based, would itself demand a greatly intensified effort from both the developed and the developing nations.

In summary, it would require: (a) a further expansion of international trade on the basis of long-term comparative advantage and mutual benefit; (b) a sharp increase in the level of capital extended to the middle-income developing countries from private sources, together with increased support from the multilateral financial institutions; (c) an increased flow of concessional assistance to the poorest developing countries.

I am encouraged that these three issues figure prominently on the agenda of this session. On previous occasions, I have spoken on each of them. This morning, I want to confine my remarks to a more detailed examination of the recent trends in international trade and their implications for world prosperity.

My view is this. Unless we resist—and roll back—the protectionism that has been gathering momentum over recent years, we risk undermining the progress in development and international co-operation that we have achieved over the past quarter century.

This surge in protectionism is not, of course, an autonomous event. It is the result of pressures brought on by a sluggish growth rate and mounting unemployment in the industrial nations.

But granted the reality of the pressures, what the peoples of these nations do not realize is that trade protection is rarely the right instrument to safeguard income and employment levels. More often it only succeeds in converting potential short-term private costs into long-term social losses.

That is the issue I want to deal with here. In particular, I want to: consider the role of trade in development; illustrate the trend towards greater protectionism, particularly in the period 1976-1979; analyse the penalties of that protectionism for both the developing and developed countries; discuss the policy options available to deal with the problem; comment on the Tokyo Round negotiations, and offer a number of suggestions for further improving the international trade environment.

### *The role of trade in development*

Let me begin with an obvious, but essential, point.

Trade is a means—not the goal itself—of development. The goal of development is to enhance the welfare of everyone, particularly of those individuals who have been passed over by earlier efforts. The expansion of trade by itself does not guarantee that poverty will be

reduced, but it clearly increases the feasibility of achieving that.

The links between international trade and economic growth are complex. Trade improves the allocation of resources, and hence yields more output, and makes investment more productive. It does this by promoting greater specialization and larger-scale production, and by stimulating innovation and technical change.

There is an important process of mutual causality at work between economic growth and trade liberalization. Rapid economic growth facilitates the liberalization and expansion of trade, both by raising demand and by facilitating improved access to markets. And the rapid expansion of trade contributes to the acceleration of the pace of economic development. It is this interaction between trade and growth that provides a key to economic progress. Now, that is what happened between 1960 and 1973. During those years the total exports of the developing countries rose by nearly 7 per cent per annum, faster than the average annual growth rate of their GNP. And their manufactured exports increased even more rapidly—at over twice the growth rate of GNP.

It is true that not every commodity, nor every country, benefited equally from this surge in trade. But for many middle-income countries it provided both the foreign exchange earnings and the market stimulus for accelerated economic growth. And it held out the promise to all developing countries of a rising share in this world trade expansion, provided they could restructure their production and export policies to take advantage of the favourable environment.

It is precisely this favourable trade environment that is now threatened by slow growth, high unemployment levels and consequent growing protectionism in the developed countries.

The result is that the rate of expansion of total world trade fell from 9 per cent a year in the decade 1963-1973 to only a little more than 4 per cent in the years 1973-1977. For the developing countries, the corresponding rates were 6.5 per cent and 3.6 per cent for the two periods.

There were of course a number of factors that led to the major expansion in exports of the developing countries before 1974. These included the creation of new export capacity together with the utilization of excess capacity created earlier during the import-substitution phase of their industrialization; the increased demand and liberalized trade policies in the developed nations; and the aggressive, export-oriented policies in some of the developing countries.

But it should be remembered that, important as these vigorous export-oriented policies of the developing countries were, they succeeded as well as they did because of the high economic growth rates in the industrial nations, and because of the major liberalization of trade granted by them prior to 1974.

The outlook now is quite different. The slowdown in economic activity in the developed nations, and the consequent rising protectionist pressures of recent years, are seriously compromising the prospects of the developing countries.

The projections in *World Development Report, 1978* indicate that the developing countries will require some \$900 billion worth of imports per year by 1985 in order to achieve the projected modest increase in their GNP growth rates. The expectation of the report is that they would finance \$797 billion of that amount from their exports, and would have to finance the balance of \$103 billion from other sources.

These export projections were made on conservative assumptions. An annual export growth of 12 per cent was assumed for manufactured goods for the 1975-1985 period, as compared with an actual growth rate of 15 per cent during 1970-1975.

It is obviously of critical importance to the developing countries that they should in fact be able to achieve these export growth rates. If they do not, they must either add to their already heavy burden of debt, or they must see their development effort cut back.

How can the industrial nations assist the developing countries to earn sufficient foreign exchange through their own efforts?

Their first priority must be to re-establish patterns of steady growth and high levels of employment. If they do not, it is going to be increasingly difficult for them to withstand the protectionist pressure groups within their own societies, who are calling for stern measures to resolve short-term problems.

At the same time, both the public at large and the decision-makers in the industrial countries must be led to see that short-sighted protectionist reactions offer no real solution to their fundamental economic difficulties.

The resort to protectionism may be a politically attractive choice—particularly in the face of difficult structural problems—but it is almost always a poor choice.

Let us examine these choices more closely by taking a hard look at recent protectionist trends, and at the costs they exact from both developed and developing countries.

Since manufactured goods are the most dynamic element in the developing countries' total exports, and since many of the recent protectionist measures are directed against manufacturers, I will limit my analysis to them, although it should be noted that there are disturbing protectionist tendencies in the agricultural sector as well.

### *The new protectionism*

Since 1976, there has been a marked increase in protectionism in the industrialized nations, and the pressures for even further restrictive measures are strong. The pressures stem largely from the continued slow and erratic growth of their economies, and their consequent high levels of unemployment. They are in part the result of the concentration of the developing countries, export growth in relatively few categories of manufactured products.

In the last analysis, however, these pressures reflect the attempt of organized special-interest groups in the industrialized nations, in a period of slow growth and rising unemployment, to postpone costs of structural

adjustment—and this even if it means penalizing the less organized and less articulate sections of their own society, and the weaker and poorer members of the international community.

The devices utilized to provide such protection have multiplied. In addition to the traditional tariff measures, they now include cartel-like sharing agreements; "voluntary" export restraints; countervailing duties; subsidies and other assistance to domestic industries to sustain levels of production above those warranted by demand; government procurement procedures; and a whole spectrum of administrative, non-tariff barriers.

The intent of these measures is to extend protection to certain declining industries or ailing sectors of the economy without having to undertake the more basic steps necessary to cure the fundamental malaise.

Between 1976 and early 1979 the industrialized nations introduced a large number of new restrictive measures. They can be divided broadly into various forms of non-tariff barriers to trade; government aids to industry; and attempts to establish world-wide restrictive market-sharing agreements. Let me illustrate a number of these.

#### *Non-tariff barriers:*

Although the Multi-Fibre Arrangement calls for quotas on clothing and textiles that generally grow at annual rates of 6 per cent or more, starting in late 1977 these provisions did not prevent the imposition of more severe restrictions on the exports of developing countries, particularly by EEC. The majority of these new EEC quotas limited annual increases of clothing and textiles to between 5 per cent and 4 per cent. Moreover, while the Arrangement calls for quota levels no lower than recent imports, the Community in fact rolled back some quotas on their major suppliers to levels well below those in 1976.

Contrary to the spirit of the Arrangement, EEC insisted on applying quota restrictions not only on current suppliers but also on other low-income countries, such as Indonesia, Bangladesh and Sri Lanka, which have scarcely begun to enter the export market.

Australia, Canada, Norway, Sweden and the United States of America have also tightened their quotas or imposed new ones to limit developing country exports of textiles and clothing.

The net effect of all these restrictive measures will be to limit the growth of exports of clothing and textiles to industrialized countries to considerably less than 6 per cent per annum. This compares with annual growth rates on the order of 15 per cent in the 10 years prior to 1976.

Australia, Canada, France, the United Kingdom and the United States have imposed new quotas and so-called "orderly marketing agreements" limiting the developing countries' exports of footwear.

The United Kingdom imposed quotas on monochrome television sets from the Republic of Korea and Taiwan, and the United States has arranged for "orderly marketing arrangements" with the same two countries in colour sets.

United States countervailing duties have been actively used even in cases in which injury to domestic producers has not been proven.

EEC and the United States have introduced special protective measures regarding steel which pose serious difficulties for those developing countries now emerging as exporters. EEC has decided to renew for another year, through 1979, its "anti-crisis" programme on steel, including efforts to reach year-by-year export restraint agreements with outside suppliers.

#### *Government aids to industry*

These take a variety of forms such as direct subsidies and preferential tax and credit arrangements. The latter provide indirect protection by reducing production or sales costs.

Under the British Temporary Employment Subsidy Scheme, the textile, clothing and footwear industries received subsidies equivalent to 5 per cent to 10 per cent of total production costs. Other industries have been supported by increasing the former levels of government assistance.

Very large subsidies are now being given to the shipbuilding industry in a majority of the industrialized countries.

In France, the automobile, data processing, pulp and paper, steel, and watch industries, among others, have all received various forms of government aid.

The takeover of insolvent firms by the Government in industries such as steel and textiles, and the financing of their deficits from public funds, has had protective effects in Belgium, Italy, the Netherlands and Sweden, among other countries.

#### *International cartels and market-sharing agreements*

Proposals have been made for international market-sharing agreements in shipbuilding and steel within the framework of OECD. It is possible that the OECD Steel Committee may in fact turn into a quasi-cartel.

While this is only a partial list of some of the trade restrictions in the OECD countries, it illustrates the trend. And to these one could add the government trade policies in the centrally planned economies which directly inhibit the expansion of world trade.

The picture that emerges from all this is not encouraging.

What are the real costs of this growing protectionism to the international community? It is clearly already paying a high price for these measures. The potential costs could be even higher. And these costs are imposed on developing and developed countries alike.

#### *The costs of protectionism*

Let us examine these costs briefly.

##### *Cost to the developing countries*

Both protection and the threat of protection in the industrialized nations hurt the developing countries in two ways. They hurt them directly by reducing their opportunity to earn foreign exchange, by increasing their unemployment, and by diminishing the rate of growth

of their income. And they hurt them indirectly by inhibiting them from adopting investment, production and trade policies that would improve the allocation of their resources, and their overall development performance.

These adverse effects are felt not only by the established exporters of manufactures but also by countries that are just beginning to be successful. And it is not only the actual restrictions that hurt but the threat of them as well, since the threat creates a climate of uncertainty and inhibits long-term investment in export industries.

The fear of future imposition of protectionist measures often discourages Governments in the developing world from adopting trade-oriented, outward-looking policies. The result is that they settle for inferior trade and development strategies, and end by strengthening the vested interests in the societies that benefit from producing at high cost for highly protected domestic markets.

No comprehensive studies exist at present quantifying the adverse impact of protectionism on individual developing countries. But such quantification can be made at two levels. A partial analysis would detail losses in export earnings and increases in unemployment on a sectoral basis. And a broader analysis would estimate the damage to the economy as a whole in terms of the denial of opportunities to generate exports, growth retardation, unemployment, low productivity, and increased poverty.

One obvious difficulty in estimating the overall damage done to individual developing countries is that the damage often takes the form of frustrated investment and export opportunities rather than of clearly identifiable foreign exchange losses or unemployment.

In view of the great importance of this subject, it is surprising how little analysis has been carried out thus far on the overall impact of trade protectionism on individual developing countries. I strongly urge that more resources and effort be devoted to this analysis.

Now what about the costs of excessive protectionism to the developed nations? Let us examine that for a moment.

#### *Costs to the developed nations*

The motivation of a developed nation in extending protection is of course to save specific industries or sectors or regions from incurring detrimental economic and human costs. But what is often overlooked is that this does not protect the society from incurring equally real and even larger costs over the longer run.

The desire to resort to trade restrictions to save jobs in dying industries or declining regions is of course understandable, particularly when growth is sluggish and unemployment widespread. And the case for protection—at least for protection against the exports from developing countries—is usually made on the basis of the burden that falls on the low-skilled labour that is displaced.

In the most labour-intensive industries, a large share of the people affected are women, who cannot easily move to other regions because of family obligations.

Frequently the plants that are threatened are in depressed, low-income areas. Many of the workers released are too old or otherwise disadvantaged to find new jobs easily.

Further, the threat of unemployment falls largely on those workers who are most likely to be displaced by automation and technical improvements, so that even if they are retrained or switched into other low-skilled jobs they are often soon displaced in those jobs as well. At best, their incomes are depressed by the weak demand that exists for them in view of the new machines.

Governments on the whole have not been very successful at containing inflation and reducing unemployment at the same time, and hence it is not surprising that they should attempt to save jobs, even at the cost of higher prices, by putting up trade barriers. And affluent societies may believe that they can afford to forgo the further increases in real income that would be derived from a better international division of labour—if protectionism can at least buy them some industrial peace, and save them the costs of structural adjustments.

But what the advocates of protection neglect to say is that the present jobs of these workers may not be saved even under protection. The fact is that protection is often utilized—to the ultimate disappointment of the trade unions that ask for it—as a means of allowing an industry to “adjust” by automating low-skilled jobs out of existence, using the assured higher prices to pay for labour-displacing machinery.

The real choice offered by the protectionists is for society to pay higher prices and transfer income from its more productive citizens, probably on a permanent basis, while at the same time hurting their own consumers, tying up resources in low-priority uses, and adversely affecting export industries, as well as those industries dependent on cheap imports.

It is important that the real costs of protectionism in the industrial countries are fully understood.

The truth is that protectionism is inefficient, counter-productive, and ultimately self-defeating.

It is inefficient because it prevents the restructuring of inefficient traditional industries into modern, high-technology industries for which the advanced countries are best suited, and because it freezes these societies into inefficient production and consumption patterns. By avoiding such adjustments, societies which are dependent on foreign trade may suffer not merely slower growth but falling living standards as well.

Protectionism is counter-productive because it provokes retaliation by other countries attempting to protect their declining industries, and because it erodes higher incomes and better jobs in export-oriented industries, a large share of whose production goes to the developing countries.

And protectionism is ultimately self-defeating because in the end it penalizes everyone. It makes impossible both the equitable—and the efficient—use of world resources.

In the developed countries protectionism, by walling off low-cost imports, fuels the fires of inflation and



often puts the heaviest burden on those in the society least able to bear it.

A survey sponsored by United States retail organizations in 1978 found that goods imported from Asia and Latin America were on average sold at retail in the United States for 16 per cent less than domestic products of the same quality. These goods are purchased mainly by families with lower incomes, and can make a contribution to moderating the impact of inflation, particularly for the poor.

It has been estimated in a recent study that the effects of protectionist measures imposed by the United States between 1975 and 1977 resulted in a cost to consumers of \$660 million in sugar, \$1,250 million in carbon steel, \$400 million to \$800 million in meat, \$500 million in television sets, and \$1,200 million in footwear.

In terms of the short-term gain in jobs, this meant that the consumer cost per job protected was more than \$50,000 per year.

If protection is seen as a temporary political response to the employment problems created for a small group of workers, then clearly there are less inflationary and less costly forms of income support available.

Protectionism hurts not only consumers but also growth industries, export industries and high-productivity industries. It creates vested interests, which once entrenched are difficult to moderate later. And it is contagious. It tends to spread from industry to industry, and from country to country.

Finally, protectionism is self-defeating because it undermines the international system of capital and trade flows on which the successes of the last 25 years have been built.

A large proportion of the export surpluses from the industrial countries to the developing countries, on which so many jobs depend, are financed by credits. The only way in which these debts can be serviced is to permit the developing countries to export and earn the foreign exchange to repay these debts.

The present international system of credit and trade will be seriously threatened if protectionist obstacles are put in the way of servicing the sizeable debts which the developing countries have already accumulated and are continuing to acquire.

But despite these heavy costs of growing protectionism to the industrial countries, the political battle against protectionist pressures is often very difficult. It is difficult because the temporary losers from trade liberalization are visible and vocal, whereas those who gain are generally dispersed and disorganized. Thousands of housewives spread over the whole country often have less voice than a textile worker with a job at stake. But in the long run what is really at stake is not just cheaper shoes, clothes and bedspreads, but the jobs and living standards of the whole population.

#### *Total costs*

It is difficult to calculate the total costs of protection to the international community as a whole. The GATT secretariat estimated in 1977 that the application of protectionist measures by the industrial countries in the

previous two years had led to restrictions on 3 per cent to 5 per cent of world trade flows, amounting to \$30 billion to \$50 billion a year.

But such an estimate fails to convey the full costs to the world community through the loss of total output, jobs and potential investment.

Estimates may differ about the total cost of protectionism to both developed and developing countries. But it is clear that these costs—to the individuals, to the countries, and to the global society as a whole—are potentially large.

Should the world continue to pay this price? The answer is obviously no.

The truth is that the present unhappy combination of slow growth, unemployment and rampant inflation constitutes both a threat and an opportunity.

The threat is that we may decide to engage in even more protectionism, which in the end would inflict severe strains on the world economy, and from which it would take a very long time to recover.

And the opportunity is that we can choose instead to begin to restructure the production patterns in the developed and developing countries, and to establish an international environment which encourages rapid and more equitable growth, at higher levels of employment, in both trade and development.

Let us examine the various options that developing and developed countries face in the present situation.

#### *Policy options for the developing and developed countries*

##### *Options for the developing countries*

A tempting option for the developing countries will be to turn inward, to take greater refuge in highly protected import-substitution industries, and to avoid the struggle for expanding trade.

But this would clearly be a mistake. There are other options which are far more promising, although admittedly they entail a great deal of resolute effort. They include: the creation of efficient export capacity; a larger South-South trade; and a continued effort to roll back the protectionist measures in the industrial nations both within, and beyond, the Tokyo Round trade agreement. Let me briefly discuss each of these options.

Some developing countries have pursued policies that have discriminated against their own expansion of exports. Regardless of the trade environment, these policies were never warranted. The fact is that there are considerable possibilities for the developing countries to increase their exports even under current restrictive conditions, as has been shown by the examples of the Republic of Korea, Brazil and Singapore.

For one thing, the developing countries can diversify their exports into products that do not face high trade barriers. For another, those countries that are less advanced should seek to upgrade their export structure in order to take advantage of the export markets being vacated by more advanced developing countries.

As for South-South trade, there are good arguments—on the grounds of comparative advan-

tage—for the developing countries to increase the volume of trade among themselves. Developing nations have already begun to make use of these new channels of trade. There are opportunities for further expansion.

Brazil now trades more with other developing countries than with the United States, and India's exports to developing countries are increasing at a rate higher than that of its trade with the industrialized nations.

But trade among developing countries is no substitute for greater trade with the developed world.

Developing countries' imports continue to be heavily concentrated in machinery and transport equipment, and most of these items are produced by the industrial nations. These products are crucial for the economies of the developing world and they can be supplied only to a very limited extent by the developing countries themselves.

Finally, the developing countries must begin to play a more active role in reshaping the trade environment. Such a role would of course involve greater participation in the current and future trade negotiations. I will return to this matter later in my comments on the results of the Tokyo Round negotiations.

Let me turn now to the options that the industrial nations face in the current climate.

#### *Options for the developed countries*

One must begin by recognizing a fundamental point. And that is that the deterioration in the current world trade environment has not been brought about by the developing countries swamping the markets of the industrialized world. Whatever the protectionists may say, the developed world is not being "flooded by cheap goods".

On the contrary, the developing countries today supply only a minuscule portion of the manufactured goods consumed in the developed countries: less than 2 per cent. The share differs, of course, for different industries, but even in the most successful—textiles and clothing—this share is still low: 5 per cent, for example, in the United States.

The recent deterioration has been caused, rather, by a loss in the economic dynamism of the type prevalent in the 1960s in the developed countries. That dynamism made it possible for the industries in the developed world to make important structural changes—changes that were required for both efficiency and equity. These changes enhanced efficiency because they allowed the developed countries to make better use of their resources. And they enhanced equity because they permitted the producers in the developing countries to move into kinds of production which they could not have afforded on the basis of their own domestic markets alone.

But the slowdown in the growth of industrial economies has severely hampered this process of dynamic adjustment. And the developed countries have believed that there are essentially two responses to this situation: to limit the entry of goods into their markets from more competitive sources, and/or to undertake adjustment measures.

I have already discussed the long-term costs of restrictions on the imports from the developing countries. Let me now analyse the experience of industrial nations with adjustment measures.

Past experience with adjustment measures has not been very satisfactory in most industrial countries. Often these measures have ended up freezing the existing production patterns and resisting change, rather than encouraging genuine structural improvement by retraining workers and shifting them into industries and regions where they could both be more productive and earn more.

A recent OECD study indicates that even when the policies were vigorously pursued they resulted in greater capital intensity, since the Government's funds for adjustment were utilized to buy new equipment rather than to retrain labour. Attempts, on the other hand, to slow down the process of adjustment and to gain a "breathing space" were utilized to establish permanent protection, and this resulted in turn in raising the price the consumer had to pay for the protected product.

But none of this need happen.

Correctly administered adjustment policies would aim at compensating those adversely affected by increased imports from the developing countries, and would retrain displaced workers and facilitate their move from low-productivity to high-productivity industries.

In order to reduce the political resistance to change and safeguard fairness, adjustment compensation should be reliable and prompt, and should approximate the private costs imposed on those affected. This might well include owners as well as workers, especially in the case of smaller firms, although businessmen cannot of course expect the Government to relieve them of every possible competitive risk.

A complementary approach would be to assist local communities hit by plant closures or by large lay-offs. Successful programmes of this type have been organized in the United States of America and in the Federal Republic of Germany. Such regional relief can both increase the indigenous supply of skilled labour and help identify new opportunities for relatively unskilled workers. Measures designed to remove obstacles to mobility—better transference of pension rights, for example—are important as well.

But what is most crucial for the success of all these policies is the existence of a high level of aggregate demand and the rapid development of new and dynamic industries. Japan, for example, has been particularly successful in making adjustments well ahead of time and thereby securing its overall momentum of trade and economic activity, rather than delaying and relying on protection to save industries that have already become troubled and inefficient.

Now, what is one to conclude from all this discussion of options? I believe that in the end the only sensible option that any of us in the international community have is to make a determined effort to improve the trade environment itself. That was the basic purpose of the Tokyo Round. Let me turn now to an analysis of just where we stand in those negotiations.

### *The Tokyo Round and beyond*

The international community has invested an immense amount of effort over the last five years in negotiating a new framework of rules of conduct governing international trade. This effort began when the Tokyo Round of multilateral trade negotiations was formally launched in September 1973.

These negotiations are now completed, although some details are still to be worked out. However, prior to the formal signing ceremony in the fall, negotiators who have initialled the package agreement must submit it to appropriate government bodies for approval and must introduce the modifications in domestic legislation needed to carry it out. Over the next few months, most developing countries must also decide whether they wish to participate in the various agreements.

It is thus appropriate to ask: what has been achieved so far and what still remains to be done?

The agreements essentially do four things:

(a) They provide for a series of detailed codes which spell out permissible and non-permissible behaviour by Governments in imposing non-tariff barriers to trade;

(b) They establish a framework both for settling disputes which may arise among nations with respect to these non-tariff barriers and for watching over such measures as may be initiated in the future;

(c) They make special provisions for developing countries;

(d) They include a substantial tariff cut.

Now let me briefly indicate the areas in which I believe a trade agreement is likely to lead to an improvement in the current international trade environment, provided, of course, that it is implemented in a manner that reflects the real spirit and intent of the original Tokyo Declaration.

#### *Areas of progress*

1. There will be a substantial further cut—30 per cent to 35 per cent—in average industrial tariff levels in the OECD member countries as a result of an agreed formula which provides for higher cuts in higher duties. The proposed cuts compare favourably with the Kennedy Round average cut of 35 per cent in import duties for dutiable manufactures. The benefits of these cuts will be automatically extended to developing countries under the MFN clause without demanding full reciprocity on their part.

To put the magnitude of these tariff cuts in their proper perspective, of course, it should be remembered that the average tariff level for dutiable manufactured goods in the OECD countries is already quite low—about 10 per cent—and recent fluctuations in exchange rates tend to dwarf the impact of the new cuts, which are to be implemented in a phased manner over an eight-year period.

Further, as I will discuss in a moment, the benefits to developing countries are going to be even more limited because of the numerous exemptions of certain categories of goods, and reductions in their preference margins. But despite these factors, there is no doubt that the proposed tariff cuts do constitute a further move in the right direction.

2. As I have pointed out, one of the increasingly preferred protectionist devices in industrial nations today is the practice whereby they enter into various bilateral agreements with other countries—outside the GATT framework—and require those countries to agree to limit “voluntarily” their exports of particular products.

The proposed safeguard code, which is still under discussion, attempts to bring the various types of safeguard actions—past, present, and future—back within the GATT framework. It defines the procedures and criteria that have to be met in taking safeguard actions, together with the conditions to which individual safeguard measures should conform. Thus the code is aimed at preventing arbitrary national action by powerful importing nations.

One of the controversial aspects of this code is the insistence of some of the important industrial nations that a “selectivity clause”, which would allow them the right to restrict imports selectively from a few sources, be included. The developing countries are vigorously opposing this.

3. The code on subsidies will attempt to control another favourite protectionist measure. It will strengthen the ban on export subsidies on manufactured goods by the developed countries, as well as begin to control domestic subsidy measures that have been increasingly used by the developed countries in recent years.

Further, the United States will no longer be allowed to impose countervailing duties without clearly proving material injury to its domestic producers. If properly implemented, this code represents a potentially significant accomplishment that may enable the international community to control in a realistic manner the trade-distorting effects of domestic and export subsidies.

4. There are a number of other codes which, while they may not increase trade significantly, will contribute to reducing many irritations that endanger international co-operation.

The technical codes on standards, customs valuation and licensing, as well as the proposed agreement on commercial counterfeiting, will help simplify existing procedures; will provide better information to exporters; and will reduce the risk of these provisions being used for protectionist purposes. This will particularly benefit those developing countries which lack adequate information on technical standards and custom valuation procedures.

Another code on government procurement extends the principle of non-discrimination to government purchases, and establishes administrative procedures for providing necessary information and fair treatment to foreign suppliers.

5. A major innovation in the trade agreement is that the individual codes also provide for an improved mechanism to facilitate the settlement of disputes. Each code will be administered by a committee of all the signatory nations. These committees are authorized to establish competent panels in each case in which a dispute arises under the code, to make recommendations to the parties concerned, and to take appropriate

action—including authorizing countermeasures—if their recommendations are not carried out.

6. The trade agreement recognizes the special problems of the developing countries, and makes some special provisions in their favour. It includes an "enabling clause" which provides a legal basis for differential and more favourable treatment to developing countries. They can be granted tariff preferences by the industrial nations, and they can establish preferential arrangements among themselves. Developing country signatories are generally exempted from the ban on export subsidies.

Special provisions are made in various codes to protect the interests of the least developed countries. In return, the developing countries are required to accept the principle of "graduation" in line with the progressive development of their economies and improvement in their trade situation.

All of these provisions constitute progress over the current situation. If the various agreements are fully implemented, there is a possibility that the recent deterioration in the international trading environment may be arrested.

But it is important to face up to two fundamental issues:

What would the trade agreement really mean in terms of opening up trade opportunities for the developing countries?

And how should the improvements in the framework of international trade—and the process of trade liberalization itself—be strengthened and continued beyond the Tokyo Round?

Let me suggest that a detailed analysis must be undertaken as soon as possible on the full implications of the Tokyo Round for the trade prospects of the developing countries. This should be done by the developing countries themselves, as well as by the industrial nations and the international institutions. A comprehensive assessment of these implications and of the further action required can only be based on much more detailed and careful analysis than is available at present. There are, however, a few important points that can be made at this stage.

It is quite clear that the multilateral trade agreement does represent some areas of genuine progress for the developing countries, even though the Tokyo Round discussions focused largely on the trade concerns of the developed nations, and despite the fact that the developing countries were often only marginal participants in these negotiations.

There are, for the first time, agreed codes of conduct for most non-tariff barriers, as well as machinery for the settlement of disputes. There is a further—and substantial—tariff cut. And there are other provisions intended specifically to benefit developing countries.

There remain, of course, still many areas of genuine concern to the developing countries, which I will discuss in a moment. But although they must continue to work for further improvements, I believe that the developing countries do have a strong stake in the implementation of the trade agreement: the original intentions of the Tokyo Declaration must not be frustrated in actual

practice, and the new codes must not be used as a cover for legalizing current trade restrictions.

The developing countries can best protect their interests by ultimately becoming signatories to the agreements after their present doubts have been resolved; by participating actively in the implementation and future reviews of the agreements; and by becoming full partners in future trade negotiations both within and outside the framework of the agreements.

#### *Areas of concern*

It must, however, be fully recognized that there are many areas of concern to the developing countries which are not dealt with adequately in the current round of negotiations, and which require further consideration, both during the implementation of the trade agreement and in future trade discussions. Let me elaborate.

1. The trade negotiations did not address the question of reduction in existing quantitative restrictions. Thus quotas on textiles and clothing, and on footwear, have been left untouched. These quota restrictions are of vital interest to the developing countries, particularly under the Multi-Fibre Arrangement which comes up for formal renewal by the end of 1981.

A vigorous effort must be made to review, and progressively to eliminate, all existing quantitative restrictions, as well as to ensure that no further quota arrangements are negotiated in other products, such as steel. While total elimination of all quotas will take time, steps should be taken to eliminate now at least the quotas for the poorest developing countries. Moreover, the groundwork should begin now for the renegotiation of the Multi-Fibre Arrangement with greatly liberalized quotas.

2. The developing countries are concerned over the erosion of preference margins due to the overall reduction in tariff levels. This may, however, turn out to be an unnecessary concern since, according to recent studies, the loss in exports from reduced preferences will be less than one tenth of the increase in exports that developing countries would enjoy as a result of trade liberalization under the Tokyo Round.

A more valid concern is the specific exception industrial nations have made to the agreed tariff-cutting formula. Duties on some key export products of the developing countries—for example, textiles and footwear—are either not being cut at all or are being reduced by less than the tariff-reduction formula agreed upon. The inequity of this treatment becomes more obvious when it is recognized that the existing tariffs on these developing country export products are generally higher (15-30 per cent) than the average tariff (10 per cent) in the industrial nations, and when it is recalled that these exports are also subject to quantitative restrictions.

In future negotiations, the international community must ensure that the tariff rates on the principal exports of the developing countries are lowered progressively by eliminating present exemptions, and by establishing deeper tariff cuts for them.

3. Another area of major concern to the developing countries is the insistence by some industrial nations that a "selectivity clause" be included in the proposed

code on safeguards. The developing countries are apprehensive—and with good reason—that the most efficient and active exporting developing countries may be singled out for trade restrictions. Ideally, the selectivity clause should be deleted from the code altogether since it legalizes discriminatory treatment against individual nations. If it is included at all, the criteria for selectivity should specify that this clause will not be invoked against the developing countries, and most especially not against the poorest and least developed countries.

4. The developing countries are also worried that the surveillance machinery and the sanction powers remain too weak under the recently negotiated agreements. They are afraid that it will be the weaker and the poorer members of the international community that are most likely to suffer from any violations of the proposed codes of conduct. This is an issue which must be faced candidly, since in the last analysis a treaty is only as good as the international opinion and enforcement powers behind it.

As I have already pointed out, the developing countries will help their own cause considerably by ultimately becoming signatories to the agreements, so that they can obtain representation on the committees charged with the implementation of the individual codes.

In a general sense, then, the Tokyo Round negotiations represent some areas of genuine progress, a few areas of major concern, and an opportunity to build further on the progress already made.

Now, how should we approach this situation? Let me briefly outline my own views.

To begin with, it is essential that the overall trade agreement be rapidly approved. It is of course not an "ideal" agreement, nor should the search for further improvements in the international trade framework be abandoned during its implementation. But it does represent another negotiated step in a continued effort to improve the international trade environment. It would be a wise course to accept the progress it already represents and to chart out a concrete programme of action for further improvements, building on its positive features and correcting its negative ones.

A genuine danger is that the industrial nations may be pressured into paying a heavy price to their protectionist lobbies in order to secure the ratification of the trade agreement through their legislatures. Already some government measures are being taken outside the negotiations—measures such as the "trigger point" scheme for steel, raising the support price for sugar, and the tightening of textile quotas in the United States.

These actions raise apprehensions about the real value of the agreement and the cost that may have to be paid to achieve its ratification. It is essential to resist vigorously the pressure of the protectionist groups outside the framework of the trade agreement, and to ensure that the agreement is promptly ratified without having to pay an unacceptable price for legislative approval.

Further, the most important point about the trade agreements is not the careful legal language in which they are expressed, and not even the precise provisions

they contain, but rather the environment and the spirit in which they are implemented.

The root causes of protectionist pressures in the industrial nations, as I have pointed out, lie in their slow and erratic economic growth, leading to a combination of unemployment and inflation. These problems are compounded further by the absence of sound structural adjustment policies. Unless these problems are attacked—and attacked systematically—the chances of fully implementing any trade agreement will remain precarious.

There is at the same time a great need for broader political awareness, and a more fully informed public opinion, in order to ensure that the right political climate is created to resist violations of the agreement. Many of the codes on non-tariff barriers leave a great deal of room for administrative interpretation and discretion. This discretion can either become a significant ally for trade liberalization or, alternatively, a powerful instrument to defeat the very purpose of the trade agreement. Thus the task of improving the world's trade environment will not end with the signing of the treaty. It will only begin.

Let me now summarize and conclude the central points I have made this morning, and propose a specific programme of action.

#### *A programme of action*

The argument I have made is this.

It is imperative that we understand the basic causes of the recent protectionist trend, and the heavy costs that it imposes on the developed and developing countries alike.

We must carefully and objectively evaluate the progress made in the Tokyo Round negotiations, as well as the unfinished work that still remains.

And we must determine how best to seek further improvements in the world trade environment, both through the periodic reviews that the agreement itself provides for as well as through other special negotiations.

In my view, then, the international community's agenda should include the following specific actions:

The provisions of the Tokyo Round agreements, and the possibilities of further liberalization and expansion of trade, should be analysed in detail from the point of view of the developing countries, both by the Governments concerned as well as by UNCTAD and GATT. We in the World Bank stand ready to extend full support for such analysis.

The Tokyo Round agreement provides for a "regular and systematic" review of developments in the international trading system between the contracting parties. This opportunity must be seized, and seized through substantive periodic reviews, not just routine monitoring. GATT and UNCTAD can serve as forums for consultation for these reviews.

The major concerns of the developing countries should be met through future negotiations both within and outside the framework of the Tokyo Round agreement. Some of these can be met through the periodic

reviews of each code by the signatories. But there are others which will require special arrangements for negotiations: the renegotiation, for instance, of existing quota restrictions, and further tariff cuts for developing countries' exports. And there are some concerns which must be addressed in completing the remaining agreements: for example, the deletion of the "selectivity clause" from the proposed code on safeguards.

There are several areas of trade policy which are not at present covered in the Tokyo Round agreement: trading by State enterprises, for instance; intra-firm trade between multinationals; trade in services, and so forth. These are important omissions.

Some of these items are already under discussion, particularly within the framework of UNCTAD. Others require specific analysis and negotiating machinery. But the main point is that further efforts must be made to cover the currently neglected areas by specifying the negotiating machinery and a reasonable period of time over which the negotiations should be concluded.

The Tokyo Round will not result in rolling back and dismantling the non-tariff barriers already in force. Obviously, such dismantling can only be undertaken in a gradual, phased manner over a period of time. But there can be no doubt that the dismantling of these barriers should be a top priority item on the international agenda and every opportunity should be taken to press this objective.

The Tokyo Round negotiations were conducted and finalized at a time of great economic difficulty for the industrial nations. It is possible that as and when the economic recovery in the OECD countries gains strength, it will become more politically feasible for them to start dismantling these non-tariff barriers. What the international community must consider are the concrete mechanisms and forums through which the objective of progressive reduction and dismantling of existing non-tariff barriers can be successfully pursued.

In order to benefit fully from an improved trade environment, the developing countries will need to carry out structural adjustments favouring their export sectors. This will require both appropriate domestic policies and adequate external help.

I would urge that the international community consider sympathetically the possibility of additional assistance to developing countries that undertake the needed structural adjustments for export promotion in line with their long-term comparative advantage. I am prepared to recommend to the Executive Directors that the World Bank consider such requests for assistance, and that it make available programme lending in appropriate cases.

As additional measures are taken to protect the legitimate interests of the developing countries, and as they reach progressively higher stages of development themselves, they should, of course, be prepared to moderate their own domestic protectionist measures. The principle of reciprocity should be accepted after a certain stage of development has been reached.

Import policies should be liberalized by the more industrialized developing countries. This would give them a stronger position in their negotiations with the developed countries; it would stimulate their domestic export interests; it would give exports from poorer developing countries a better access to the markets of the more advanced members of the developing world; and it would be in line with the principle that different rules should apply to countries at different stages of economic development.

It is important to recognize that improvements in the framework of international trade are part of a continuous process which did not begin, and should not end, with the Tokyo Round. We should move systematically towards a more liberalized international trading system, and an improved charter for world trade which encompasses those areas which have been neglected in the past. At the same time, it should be fully recognized that the fate of the Tokyo Round agreement, and of any further improvements in it, hinges a great deal on the strength and political acceptability of the surveillance and enforcement machinery for the agreement.

There is no simple solution to this issue. Strengthening of the GATT organizational framework and powers would help. So would a greater political awareness of trade issues in developed and developing countries. But in the final analysis the only effective sanction powers are those which emerge out of the perceived and enlightened self-interest of nations and which are imposed as a result of their collective consent.

I very much hope that all these issues will receive detailed attention during your deliberations.

Trade problems, of course, are not the only economic issues that trouble our planet. There are many others, and most of them are difficult and complex. But I remain convinced that a liberal world trade environment is critical to the success of international development.

If we fail to save that environment from the repeated threats of trade protectionism, then the pace of development itself—and the quality of life for hundreds of millions of less advantaged individuals who deserve so much more than the little they have—will remain in jeopardy.

Their hopes lie in our hands.



**Statement made at the 155th plenary meeting, on 11 May 1979,  
by Mr. Jacques de Larosière, Managing Director of the International Monetary Fund**

This fifth session of the United Nations Conference on Trade and Development is taking place at a vital moment in our economic history. It is the first time since the Second World War that the world finds itself facing the combination of three factors whose persistence is both paradoxical and alarming: a generalized surge in inflation; deep-rooted unemployment in most industrialized economies with the exception of the United States of America; and a slackening of growth in the third world.

The Manila Conference is important because it should allow the representatives of Governments who are gathered here better to understand the interdependence of these three phenomena and then to conceive an imaginative and bold strategy to overcome them.

Speaking as Managing Director of IMF, I shall consider primarily the monetary aspects of our discussion and endeavour to reply to two questions which are often put to us: how can IMF best contribute to the needs of the developing world, and how can it facilitate the solution of problems arising from the present state of the international monetary system.

To consider these questions, I shall centre my remarks on three principal points. First, I shall briefly recall the monetary aspects of the problems faced today by developing countries. I shall then endeavour to show in what way and to what extent IMF is in a position to respond to these problems. Finally, I shall refer to some aspects which, while not monetary, are nonetheless vital to the prospects for an overall solution.

*Monetary aspects of current problems  
faced by developing countries*

I shall analyse in succession the persistence of large balance-of-payments deficits, the increase in the debt burden, and the uncertainties involved in the operation of exchange markets.

*1. Persistence of large current account payments deficits*

The existence of such deficits is not in itself a cause for concern. The fact that developing countries, in order to expand their investments and raise their standards of living, have to use resources saved in the rest of the world has long been reflected in current account deficits. Several aspects of this phenomenon, however, have become alarming in the last five years, especially for the poorest countries.

First of all, there is the prodigious increase in the size of current deficits. In 1973, such deficits amounted to some \$11 billion; in 1978, they amounted to some \$31 billion. For 1979, the non-oil-producing developing countries will doubtless face a combined deficit of the order of \$40 billion. This figure is worrying even when it is deflated by the price index of these countries' non-oil exports. I shall come later to the difficulties connected with financing these disequilibria.

However, of even greater concern than the size of these deficits are the factors that have caused their rise. It would be easier to accept this phenomenon if such deficits were financing the rapid growth of imports in developing countries, as we would know that these payments imbalances reflected greater real economic activity. But that is not the case. The real growth rate of third world countries, which averaged 6 per cent per annum in the 1960s, has fallen to about 5 per cent in the 1970s. We know that this rate is insufficient to cope, in a humanly acceptable manner, with the problems of absolute poverty and hunger as they exist today in many parts of the world under the prevailing conditions of world population growth.

If, then, an increase in the volume of the developing countries' imports is not the main cause of their growing deficit, it is because other factors have played a preponderant and pernicious part. Among these I shall highlight three, all of which bring us back to the most critical aspects of the current economic situation. The first of these factors relates to the deterioration in the terms of trade suffered by third world countries. This deterioration stems both from the sharp rise in the price of petroleum products since 1973 and from the equally serious rise in the prices of manufactures, especially capital goods. This dual trend has not been matched by the prices of non-oil raw materials, which still represent the bulk of exports from developing countries. The second source of current payments difficulties experienced by these countries is the stagnation in most industrial economies, which frustrates an increase in either the volume or the price of their exports, both primary and manufactured goods. Finally, the increase in debt contracted by these countries to finance their current deficits is associated with increasingly heavy interest payments which further worsen their position.

Thus in the last few years, and to a very marked extent in 1979, developing countries in general have had to find increased means—the growth rate remaining constant—to pay both higher import prices and interest charges.

*2. Increase in external indebtedness*

As regards the increase in the debt burden, one should avoid basing arguments on either nominal or global figures. Even when corrected for world inflation, the debt figures have reached high levels. In this respect it will suffice to mention certain overall ratios. In relation to the GDP of the non-oil-producing developing countries, total indebtedness now stands at 27 per cent. In relation to their export earnings, the burden for such countries of servicing their foreign debt has risen to over 12 per cent. Some countries are particularly badly affected.

Finally, one must note that the bulk of indebtedness incurred by developing countries since 1974 has been through commercial and banking channels, that is to say at market rates and sometimes with relatively short maturities—two factors that are not conducive to

meeting the needs of the poorest countries. There is no doubt that, as far as maturities and interest charges are concerned, the debts contracted in the last five years by many low-growth developing countries represent a costly and ill-adapted way of transferring international savings.

### 3. *Uncertainties on foreign exchange markets*

Not only have current account deficits become serious and the cost of meeting them higher, but the day-to-day functioning of the exchange markets has created serious difficulties for developing countries, as well as for others. The sometimes very marked variations in the values of the major currencies often bear no relation to the development of basic economic factors. For developing countries, they have the effect of complicating the management of their foreign exchange reserves, rendering the cost of debt servicing more uncertain and the development of terms of trade hard to predict and, in general, making the management of their domestic economies much more difficult. This variability in exchange rates may have more far-reaching negative effects, particularly as regards investment, which we at IMF are trying to pinpoint more precisely.

These are some of the monetary aspects of the difficulties facing the developing world.

#### *How can IMF most appropriately respond to these problems?*

The institution that I am privileged to head is well aware of the difficulties that I have just enumerated. Within the scope of its powers and means, and with the support of its member States, it is continually seeking to improve its response to the needs of the developing countries.

Our concern is not new. It has been reflected in important changes in methods and policies, and it will, I am sure, be reflected in new and progressive adaptations.

What are the ways in which the Fund works, and can work further, to serve the needs of developing countries? IMF can act through the provision of financing, through the exercise of conditionality, and through the exercise of surveillance over the entire international monetary system.

Let us briefly consider these modes of action, and in the first place balance-of-payments financing.

Over the years, and in response to changing circumstances, IMF has steadily enlarged both the scale of its lending capability and the range of its financing programmes, in order to assist its member States, and especially developing countries.

As regards available resources, the ability of IMF to assist its members has been considerably enhanced of late both by the 50 per cent increase in quotas decided by the Board of Governors last October, and by the recent entry into force of the supplementary financing facility with initial resources of nearly 8 billion SDR. I am nevertheless well aware that, in view of the magnitude of balance-of-payments financing needs, the amounts and structure of existing quotas will have to be

reviewed. That will be the object of our next quota increase, on which work will probably begin in 1981.

As to the range of financing programmes undertaken by the Fund, many of them have been designed in recent years to meet the special needs of developing countries. These programmes thus include the establishment of an extended—i.e. longer-term—financing facility; the creation of the trust fund, which provides loans at practically no interest out of profits from the sale of gold by the Fund; and the liberalization of the compensatory financing facility. I would stress the special importance of the last facility to the developing countries. Between January 1976 and February 1979 it covered about 50 per cent of their export shortfalls and provided some 2 billion SDR in loans. You will be interested to note, in this connection, that the Fund's Executive Board is currently studying ways of further improving the functioning of this facility and will be reporting on its work on the subject to the Development Committee by next October. A fourth facility, especially concerned with the financing of buffer stocks, has so far not been much used. An enlargement of its use will depend on the number and scope of the commodity agreements signed and implemented under the general programme formulated by UNCTAD in this matter.

I come now to the exercise of conditionality. This is a subject that is frequently discussed and sometimes misunderstood. Conditionality is based on a simple premise: that it is not in the interest of any country—and ultimately not feasible for any country—to sink into a situation of persistent deficits which cannot be financed by durable capital inflows. By requiring corrective policy action, conditionality serves as a complement to the provision of financial assistance and ensures that credits are used to redress endangered financial situations.

There are of course circumstances in which the application of credit tranche conditionality would not be appropriate. IMF policy on compensatory financing, for example, recognizes this. And of course the industrialized countries might do more to ease the external problems of the developing countries. I shall come to this in a moment. However, there can be no escaping the need for adjustment once an economy has become overextended. Only thus can the conditions for the resumption of balanced growth be restored. And when adjustment is called for, the prime task must rest with the country concerned.

Adjustment is never easy, especially for the poorest countries, and experience shows that it becomes progressively more difficult the longer it is delayed. In its approach to requests for assistance, IMF recognizes that, to be even-handed, conditionality must take into account the domestic political and social objectives of member States, as well as their economic priorities. This has been explicitly affirmed in a recent decision of the IMF Executive Board on conditionality. I can assure you that it will not remain a dead letter.

By the same token, conditionality must, to be practicable, allow for varying rates of adjustment. In this connection, I would note that the duration of IMF programmes has been lengthening in recent years, in recognition of the difficulties of adjustment and of the

structural aspects of the policies to be applied. I refer not only to the extended financing facility, which covers programmes lasting up to three years, but also to standby arrangements, which now frequently extend beyond the traditional one-year period. And repayment periods—necessarily limited to three to five years for current loans by the need to keep the Fund's capital circulating—may now extend to seven or eight years in the cases of extended and supplementary financing, and indeed to 10 years in the case of loans from the trust fund.

As for surveillance over the international monetary system, I have already mentioned the extent to which movements in exchange rates can have a destabilizing effect in certain circumstances. Through its consultations and its continuing exercise of surveillance, IMF is responsible for impartially monitoring the exchange policies of its member States so as to prevent disorder or competitive manipulation of rates.

As well as this action on exchange policies, IMF has to try to define a concerted growth strategy for the principal industrialized countries. Such a strategy is necessary if the size of balance-of-payments surpluses and deficits in these countries is to be reduced and if the associated deflationary and inflationary chain reactions are to be broken.

Finally, the creation of international liquidity requires that we should seek more rational ways of achieving it than those currently prevailing. Here again, IMF has extensive responsibilities. It is vital that the international community should become more aware of the importance of this problem and should make the special drawing right what it has not yet become, namely, the principal reserve instrument of the system. The latest SDR allocation and the study of a substitution account are steps, albeit modest ones, in this direction.

As far as monetary matters are concerned, these are the lines to follow. Some are already solidly established, others have only been outlined. Monetary action, however, has its limits.

*The efforts IMF is trying to promote will have much greater impact if they are supported by two other basic measures in respect of capital movements and trade*

The excessive indebtedness of developing countries is to a great extent due to insufficient concessional aid and to the stagnation of activity and trade restrictions in industrialized countries.

*Bold action as regards capital movements is indispensable*

It is unfortunately obvious that the aid commitments and objectives recommended in the framework of UNCTAD 10 years ago have not been observed. Far from attaining 0.7 per cent of GNP in industrialized countries, official assistance amounted in 1977 to 0.31 per cent. The percentage has decreased rather than increased. Yet it is abundantly clear that increasing financial aid on concessional terms is more than ever a necessity. In certain circumstances and in the case of countries that are deeply embedded in underdevelop-

ment, domestic policy adjustments would not be sufficient, even if they were supported by substantial medium-term credits. In such cases, monetary mechanisms must not be used alone, for fear of their breaking down or causing member States to endure intolerable levels of deflation. What is at issue is the transfer of greater real resources. It is paradoxical that industrialized countries—most of which are not using their productive potential to the full—are hesitating to increase their financial aid to poor countries, despite the fact that such aid would result in increased demand and thus contribute to a reactivation of world trade and a recovery of production. Nothing in the present state of deflationary chain reactions in the industrialized world (stagnation feeding inflation) can argue against such an increase in financial aid. The services of the World Bank and IMF are therefore undertaking a comprehensive study of the world's long-term capital requirements and of existing deficiencies in this respect, particularly from the point of view of the requirements of an international payments equilibrium.

It is from the same viewpoint that a liberalization of world trade becomes imperative. This matter has so long been discussed in this forum that I need not return to it. I shall make just two points.

In most of the programmes for developing countries we include the advice: "Diversify and extend your production range so as to export more." Some have followed this advice successfully and have imported from industrialized countries the equipment necessary to produce on competitive terms. However, these newly exporting countries must be able to sell their products. Also, demand in the high income countries must not be choked off. Furthermore, the industrialized countries must not erect barriers to world competition and must take the necessary structural measures to adapt to a new international division of labour.

Acceptance of the necessary consequences of the free interplay of world trade will be all the easier, and adjustment measures will become all the more practicable, once potential demand in the developing countries is backed by greater solvency and once world trade and production have attained a higher level, in developed as well as in other countries.

The way to break the vicious circle of stagflation, protectionism and poverty will thus be through a vigorous growth of development aid coupled with liberalization in world trade. It is in this context, inseparable of course from prudent fiscal and monetary policies, that the action of IMF will assume its full scope and meaning.

The institution that I head has the rare merit of practising the art of international consensus daily and in a concrete manner. It is also inspired by the overwhelming desire to act along the lines I have mentioned. Inevitably, changes in policy tend to come about gradually, in an evolutionary manner. Such changes, however, are all the more real and enduring for being backed by a broader consensus. It is my hope that the international community as a whole will succeed in concerting its efforts to meet the challenge facing us all.

**Statement made at the 152nd plenary meeting, on 10 May 1979,  
by Mr. Marino Porzio, World Intellectual Property Organization**

On behalf of WIPO and its Director General, Mr. Arpad Bogsch, who is unfortunately not able to be present today, permit me to offer to you, Mr. President, our respectful congratulations and good wishes on your election to the presidency of this important Conference. Your election to this prestigious office is as much a personal tribute to you, and a fitting recognition of your great stature in the international community, as it is an honour for your country.

WIPO has participated in all the previous sessions of the United Nations Conference on Trade and Development. It gives us particular pleasure to participate in the fifth session here in Manila; to have heard the memorable keynote speech of President Marcos and the gracious welcome address of the First Lady; and to have received the legendary hospitality of your Government and the people of the Philippines.

I would like to take this opportunity of conveying to the Secretary-General of UNCTAD cordial greetings from the Director General of WIPO and his best wishes for a successful and fruitful conclusion to these deliberations.

Mr. President, the Republic of the Philippines has a long and close association with WIPO. Your country is a party to the two main international treaties in the field of intellectual property administered by WIPO—the Paris Convention for the Protection of Industrial Property and the Berne Convention for the Protection of Literary and Artistic Works. Your country has for over 40 years operated a highly efficient patent system. Thirteen years ago it established a unique governmental institution, the Philippine Inventors Commission, which provides technical support and financial assistance in order to encourage indigenous inventive and innovative activity. The efforts of this Commission have helped to foster and sustain in your country a thriving community of inventors and innovators; its work is a model which other developing countries are beginning to emulate.

The agenda of the Conference includes, under the heading "technology", consideration of the contribution of UNCTAD to economic, commercial and development aspects of the industrial property system in the context of the ongoing revision of the Paris Convention.

That revision is taking place in WIPO, the United Nations specialized agency which, among other things, administers the Paris Convention for the Protection of Industrial Property. Under its agreement with the United Nations, approved by the governing bodies of the two organizations, WIPO is responsible for promoting creative intellectual activity and for facilitating the transfer of technology related to industrial property to the developing countries in order to accelerate economic, social and cultural development.

The ongoing revision in WIPO of the industrial property system has two main elements. The first element is the negotiation, adoption and ratification, by Govern-

ments of developing and developed countries, of changes to and new provisions in the Paris Convention which are designed to serve the special interests of the developing countries. The second element consists of the enactment, by Governments of developing countries, of modernized industrial property laws in line with the revised Paris Convention, and the establishment or strengthening of the government departments responsible for administering those laws. Both of these elements were referred to specifically by the General Assembly of the United Nations in resolution 3362 (S-VII) on development and international economic co-operation, adopted at its seventh special session.

It is clear that the ongoing revision of the industrial property system, described in terms of these two elements, is and will be a continuing process, rather than a single event.

But there are some positive and encouraging landmarks on the way, on which I would like to comment briefly. The preparatory work for the revision of the Paris Convention, I am pleased to inform the Conference, has virtually concluded with the recent meeting of the Provisional Steering Committee of the Diplomatic Conference on the Revision of the Paris Convention, which adopted, *inter alia*, the provisional agenda and the provisional rules of procedure for the Diplomatic Conference. The dates of the Diplomatic Conference had already been fixed by the competent organs of WIPO, and thus it will be held at Geneva in February and March of next year. As all delegations attending the present session who have also participated in the negotiations at WIPO know, the preparations for this Diplomatic Conference have been careful and thorough. It was the developing countries that initiated the revision of the Paris Convention and drew up the list of issues for examination and negotiation. The active participation of developing countries throughout the negotiation process has been of paramount importance in arriving at formulae which will be submitted for negotiation at the Diplomatic Conference and which, it is hoped, may constitute a good basis for resolving some of the main problems encountered by developing countries in the field of industrial property, thus allowing them to make more effective use of industrial property as another instrument of deliberate policy to promote, as well as to ensure the practical application of the results of research and development.

All States Members of the United Nations and of the specialized agencies will be invited to the Diplomatic Conference on the Revision of the Paris Convention. It is our sincere hope that all these States—whether or not they are parties to the Paris Convention—will attend the Revision Conference, thus ensuring that its results may reflect the broadest possible consensus.

The second element contained in the General Assembly resolution on development and international economic co-operation which I mentioned at the beginning relates to the enactment, by Governments of

developing countries, of modernized industrial property legislation, in line with the revised Paris Convention, and the establishment or strengthening of the government departments responsible for administering those laws. At WIPO, the work of governmental experts on a model law for developing countries on inventions and know-how has also been concluded, and the text will be published, in two parts, this year and next year. Besides this collective effort of reflection on the scope and objectives of a patent law which could serve as a guide to countries embarking on the revision of their national legislation, WIPO has continued to help several developing countries, from all regions of the world, to draft or revise their industrial property legislation in order to bring it more closely into line with their economic policies. This activity in the field of legislation is reinforced by similar co-operative endeavours by WIPO in developing countries in order to strengthen their government infrastructures dealing with industrial

property, through extensive assistance programmes which WIPO has been able to increase every year, thanks to the co-operation of UNDP and the generous contributions of several industrialized countries.

The revision of the Paris Convention is not an academic exercise or a political luxury. The fact that the developing countries initiated the revision indicates that in their view a revised industrial property system, and national laws consistent with the revised Paris Convention, could make a useful contribution to the formulation of new economic policies for a new technological era. When the process of revision is completed and world-wide intergovernmental co-operation in the field of industrial property is achieved through universal accession to the Paris Convention, the revised Convention will lay down for the international community some essential criteria for the orderly transfer of technology on fair and reasonable terms.

**Statement made at the 154th plenary meeting, on 10 May 1979,  
by Mr. Abbas Ordoobadi, Assistant President of the International Fund for Agricultural Development**

It is a privilege for me to represent IFAD at this fifth session of the United Nations Conference on Trade and Development.

Permit me first to convey the greetings of the President of IFAD, Mr. Abdelmuhsin M. Al-Sudeary, and his warmest wishes for the successful outcome of your deliberations. Mr. Al-Sudeary has also asked me to express the high regard of IFAD for the important past contributions of UNCTAD to development and to express, in particular, our appreciation for the support and encouragement UNCTAD provided during the preparatory stages of the establishment of IFAD.

It is now almost five years since the World Food Conference met in Rome in the midst of a global food crisis. While the recent improvements in global food stock levels have removed the food problem from the newspaper headlines, those of us who are familiar with the situation in most developing countries know very well how precarious that situation continues to be and that the real problems of hunger, malnutrition and rural poverty are far from resolved. Indeed, we know that in many countries these problems have become even more serious in recent years.

The inadequate rate of growth in food production in the developing countries is one of the most worrisome indicators in this regard. In many countries, agricultural output has been increasing during the 1970s at an annual rate of only about 2 per cent, which is far below the target of 4 per cent established for the decade in the International Development Strategy. According to a recent FAO report, in 58 developing countries, where nearly half the population of the developing world lives, the growth in food production has not even been keeping pace with population growth. In Africa, for example, per capita food output has declined by 10 per cent.

No one with any understanding of the hardships being experienced by hundreds of millions of the rural poor in their daily struggle for existence can remain indifferent to the alarming implications of the statistics I have just cited and to the need for vigorous corrective action at both the national and international level.

But in addition to these justified social and humanitarian concerns, there are also important economic considerations which make it urgent to reverse these contemporary trends as quickly as possible. In many developing countries, for example, chronic shortfalls in food production have made it necessary to divert badly needed foreign exchange resources from investments in important sectors of production—including, ironically, the agricultural sector—into financing food imports for current consumption. Such imports have increased from a level of 30 million tons 10 years ago to a current level of 70 million tons.

Thus the developing countries' overall efforts to achieve real and sustained economic growth in line with the goals of the new international economic order, which is a vital prerequisite for building a more just and stable world order, are also being significantly retarded as a result of the lack of progress in raising food production to more adequate levels.

In the view of IFAD, there are two separate but inter-related aspects to the world food problem, and both must be addressed simultaneously. The first of these is the recurrent threat of famine and food shortage which arises from year to year and which is due to fluctuations in production and the consequent sudden changes in food prices and supplies. The second aspect is the chronic hunger and malnutrition of a large segment of the world's population—estimated at 450 million to 600 million people—living in the developing regions of Asia, Africa and Latin America.

It is generally recognized that a long-term solution to these problems can come only through increased production and improved distribution of food by and within the developing countries themselves. The main responsibility for finding solutions to such problems, therefore, rests with the developing countries. Clearly, they will need to redouble their efforts to mobilize their own internal resources, represented by their rural populations, and will also need to orient their economic policies as much as possible towards promoting rural development.

The role that the international community could play in this regard, through the provision of the external resources necessary for agricultural development and through positive action in the many related fields, such as trade and finance, with which UNCTAD has been concerned for so many years, will also be vitally important. My I note in this latter connection how much IFAD welcomes the recent agreement concerning the establishment of the Common Fund, whose action, we feel, will also help us in achieving our own objectives.

For its part, IFAD, as the newest member of the United Nations family, is prepared to make a substantial contribution in support of the agricultural development goals of the developing countries.

I would therefore like to describe the basic features of the mandate of IFAD and to outline how it intends to discharge the responsibilities which its member States—now numbering 125—have entrusted to it.

The establishment of IFAD was clearly one of the most significant consequences of the World Food Conference. After nearly two years of intensive negotiations, IFAD started its operations in December 1977, with initial resources of slightly more than \$1 billion, of which \$567.3 million were contributed by developed countries, \$435.5 million by developing contributing countries, and about \$20 million by developing recipient countries.

The basic objective of IFAD is to mobilize additional resources and to channel such resources to developing countries on concessional terms in order to promote increased food and agricultural production. More generally, IFAD is also responsible for assisting developing countries in alleviating the problems of rural poverty as a whole, by promoting increased employment and income opportunities for the rural poor and by reducing malnutrition. This set of interrelated objectives is geared closely to the aims and purposes of the Declaration and Programme of Action on the New International Economic Order, whose spirit finds further reflection in the fact that the distribution of voting rights in the governing organs of IFAD assures the developing countries of a very substantial voice in controlling the operations of IFAD.

Under its lending policies and criteria, IFAD can provide financial assistance to its developing member States in the form of loans on highly concessional, intermediate or ordinary terms or as grants, the latter being limited in amount to one eighth of the annual volume of lending. The highly concessional loans, which will constitute the bulk of our lending operations and will be made available primarily to the lower in-

come countries, carry a 1 per cent service charge and a maturity of 50 years, including a grace period of 10 years. Loans on intermediate terms carry 4 per cent interest and have a 20-year maturity, including a grace period of five years. The interest rate on the ordinary loans is 8 per cent, with 18 years' maturity, including a grace period of three years.

It has become increasingly evident over the years that, unfortunately, the poorest population groups have in the past drawn little or no benefit from external investments in agriculture, since such investments have been concentrated mainly on the larger construction projects, without much concern for the social, cultural and institutional factors that are so clearly essential for development at the grassroots level. With a basic mandate to help improve the overall living standards of the rural poor, particularly their nutritional status, IFAD will try to gear its support to activities which seek to link food production programmes directly to these nutritional and rural development objectives. Our lending policies and criteria provide sufficient flexibility for financing a substantial portion of local costs where this may be necessary to achieve these objectives and for adopting innovative programming approaches in appropriate circumstances.

We also intend to give high priority to strengthening local institutional and technical capacities for designing and carrying out rural development programmes and projects. May I note in this latter connection the strong support of IFAD for the objectives of promoting increased co-operation and self-reliance among developing countries, as embodied in the current TCDC efforts. IFAD will be keeping these objectives closely in view in the course of conducting its own operations, and will also seek, more generally, to promote greater economic co-operation among developing countries, particularly between food-exporting and food-deficit countries.

In conclusion, permit me to make some brief observations about the specific accomplishments of IFAD during 1978 and about our current plans and prospects.

While the task of organizing a new international institution is not an easy one, I am pleased to inform this Conference that IFAD was able to get off to a very rapid start. Our first projects were approved in April of last year—less than four months after the establishment of IFAD. By the end of the year, our Executive Board had approved a total of 10 projects, representing commitments of \$117.6 million. Each of these initial projects was co-financed with the World Bank or with the regional development banks of Africa, Asia or Latin America, with which we have concluded co-operation agreements. IFAD also has co-operation agreements with FAO, ILO, UNDP and the Islamic Development Bank, and has received excellent support from all these institutions, for which we are most grateful.

In addition to approving projects for Bangladesh, Cape Verde, Ecuador, Guyana, Haiti, Nepal, the Philippines, the United Republic of Tanzania, Thailand and Sri Lanka, IFAD also sent identification missions to 16 other developing countries during 1978.

The IFAD programme of work for 1979, which was endorsed by the Governing Council at its last meeting,



in December, calls for the commitment of \$375 million. We will need to have approximately 30 projects ready for approval by the end of this year to reach this target figure. About 20 of these will be co-financed and approximately 10 will be projects initiated by IFAD itself. In addition, we plan to send identification missions to 25 more developing countries this year.

Thus, if our plans for 1979 are fully realized, IFAD will have been able to commit about \$500 million, representing about one half of its initial resources, during the first two years of its existence, and it will also have built up by the end of the year a substantial line of projects for subsequent financing.

The level of the future lending operations of IFAD will depend to a very great extent on the level at which its resources are replenished. A review of the adequacy

of these resources will be initiated this year, and the replenishment process will need to be finalized next year at the latest if IFAD is to proceed with its substantial lending programme in 1981 and beyond. In this connection, I am pleased to report that, at its March meeting, the Committee of the Whole established under General Assembly resolution 32/174 agreed that the resources of IFAD should be replenished on a continuing basis and that its Governing Council should consider the need for an increase of the Fund's resources in real terms.

We are confident that this Conference will also wish to give support to the timely replenishment of the resources of IFAD.

Permit me, in concluding, to reiterate the best wishes of IFAD for the success of this important Conference.

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**Statement made at the 156th plenary meeting, on 11 May 1979,  
by Mr. Olivier Long, Director General of GATT**

We meet in this great and hospitable city to take up many of the most important economic issues that will face the world throughout the 1980s, and probably well beyond. It is a privilege to be able to contribute to these deliberations. I share the expectation of all participants that they will be fruitful.

With the opening of the 1980s less than eight months away, I should like to speak about some of the agenda items of the fifth session of the United Nations Conference on Trade and Development that are within the area of competence of GATT and on which there is progress to report.

*Results of the Tokyo Round*

Major progress can be reported as regards the Tokyo Round of multilateral trade negotiations. The negotiations are not complete, but they are nearly so. A large number of agreements have emerged that represent an important evolution of some of the basic rules of the world trading system, and a notable lowering of tariff and non-tariff barriers to international trade.

I need not, fortunately, test the patience of the Conference by attempting a survey of the negotiations. Many delegates have also been Tokyo Round negotiators in Geneva. Moreover, copies have been distributed here of a GATT report which systematically surveys the issues in the negotiations and how they were dealt with. It provides as complete an assessment as, I believe, is at present possible of the results, especially for the developing countries. We have also heard the comprehensive and eloquent statement by the President of the World Bank, with much of which I find myself in broad agreement, especially in his plea for better trading opportunities for developing countries. I can therefore confine myself to stressing what seem to me, from the vantage point of the actual negotiating forum of GATT, to be the most important results of the Tokyo Round in

responding to the trade needs of developing countries. I shall then discuss what further action in response to these needs is most immediately necessary.

1. Among the results, first place, I believe, belongs to the agreements that update fundamental rules of the General Agreement on Tariffs and Trade—the basic framework for the conduct of international trade. And first among these is the so-called “enabling clause”, which provides a permanent legal status and a firm basis for preferences in favour of, and among, developing countries. Preferences thus become an integral part of the world trading system. The enabling clause is a landmark in the evolution of international trade relations. It carries a stage further the progressive evolution of GATT in response to the changing economic realities of our times.

I would also stress the agreement on the use by developing countries of special measures of protection for development purposes. This will give developing countries increased flexibility to adapt their import policies to the changing needs of their economic development.

There is also an important agreement on the use of trade measures for balance-of-payments purposes. It gives specific recognition to the special position of developing countries, both as importers, often compelled to rely on balance-of-payments restrictions, and as exporters, which are affected by the restrictions applied by others. A further “framework” agreement should help to ensure more effective application of trading rules and principles in the 1980s by equipping GATT with more efficient arrangements for consultation and the rapid settlement of disputes.

2. In the field of tariffs, the GATT report already mentioned includes a lengthy computer-based analysis of the results so far achieved. It shows already an

overall improvement in the tariff treatment of developing countries, taking into account existing benefits from the GSP. Moreover, some further improvement in the results can still be expected.

3. Among the agreements on non-tariff measures, of great importance is the acceptance of the use made by developing countries of subsidies to production and exports. Also important is the acceptance by all countries of the rule that countervailing duties may be used only against subsidized imports that cause material injury.

The agreement on government procurement for the first time opens up to world-wide competition from imports the huge markets offered by the purchases made by Governments themselves. The agreement covers purchases amounting to tens of billions of dollars annually.

In the area of customs valuation, a bewildering variety of different national valuation systems will be reduced to just two sets of much fairer rules, which differ only in certain provisions. I hope these differences will be eliminated before long.

All these agreements have their own machinery for securing surveillance, effective implementation and further progress.

These and other agreements on non-tariff measures include provisions for special and differential treatment in favour of developing countries, which aim to take into account their particular needs and possibilities.

4. Of the Tokyo Round issues still to be settled, by far the most important is the review of the rules on emergency safeguard action against disruptive imports. As many speakers have already stressed, its outcome will colour the final judgement on the Tokyo Round as a whole. On this difficult question of safeguards, I can only recall that negotiations are continuing. Positions are closer than they were, and I am convinced that all participants are in earnest in their desire to reach a successful conclusion by mid-July.

Taken as a whole, and recognizing the need for further effort, the results achieved in the Tokyo Round represent a substantial liberalization of trade, a strengthening and clarification of the rules of the trading system, and a significant improvement of trading conditions for developing countries. They constitute a constructive and coherent reform of the international trading system which should enable it to respond more effectively to the needs of the 1980s.

The results do not, of course, meet all the expectations of developing countries, or indeed of developed countries. Nor do they provide a once-and-for-all solution to problems of trade relations. No such solution exists, since the situation is constantly changing. But in a highly difficult world economic environment they represent progress: a real step forward. There is plenty of room and need for further advance. What has already been achieved in the Tokyo Round should provide a firm launching-pad for future efforts.

No doubt it is useful to assess the results of the negotiations. Much more important, however, is that the fullest advantage be taken of what has been achieved. The value of the multilateral agreements reached will depend on Governments acting with determination to seize the benefits opened up by the Tokyo Round.

### *Tasks for the 1980s*

Where should further action be concentrated? What are the pressing tasks for trade policy?

The first order of business for GATT must be to complete the multilateral trade negotiations. This is acknowledged by all as an absolute priority. It requires further negotiation at Geneva in the coming weeks. Intense efforts will also be needed in capitals to achieve the necessary endorsement by legislatures of the agreements reached, and their translation into national law.

The next priority will be to put the Tokyo Round agreements into effect, since most of them enter into force at the beginning of next year.

Beyond these immediate tasks lie others. Looking towards the future, discussions aimed at defining them have already begun in GATT.

Further action to remove quantitative or other restrictions on tropical products, textiles, shoes and other exports from developing countries is certainly needed. More should be done to reduce remaining tariff barriers affecting products of export interest to developing countries, and to deal with the problem of tariff escalation.

Other proposals for future action are being put forward by the Governments of member countries in areas which, although still closely related to the GATT field of competence, have received little attention in past multilateral negotiations. Examples are trade in services, the growing involvement of Governments in trade, and new trends in business competition.

In one area of immediate importance it should be possible to move rapidly as soon as the Tokyo Round is out of the way. Many developing countries have strongly expressed their desire for a new round of negotiations in the framework of the Protocol relating to Trade Negotiations among Developing Countries. Nineteen countries, accounting for over half of all exports of manufactures from developing countries, at present participate in this pioneering interregional arrangement for the exchange of trade preferences, in force since 1973. The time seems ripe for negotiations to enlarge both participation in and trade coverage of this important endeavour in collective self-reliance among developing countries.

Both in connection with any negotiations under this Protocol and in other work to be undertaken in the framework of GATT, the technical assistance provided by the GATT secretariat to developing countries will be continued and enlarged. This technical assistance began during the 1960s and was greatly reinforced for the Tokyo Round. In negotiations on trade, technical assistance measures have to be tailored to the requirements of each country. The technical assistance services of GATT are being developed and adapted to meet needs as they arise.

The main concern will be to help developing countries to make the best use of the possibilities opened up by the multilateral codes and other agreements negotiated in the Tokyo Round. It is of great importance to meet the particular needs of the least developed countries. As has

been recognized in the course of the Tokyo Round, these countries need special assistance to make full use of the trading opportunities open to them.

GATT is thus gearing itself for determined action by all its members, from the most to the least developed, to meet the challenges of world trade.

#### *Trade policy issues for the 1980s*

Looking at trade policy issues as a whole, I would sum up the principal challenge to be faced in the 1980s as being the management of interdependence. This challenge is nowhere clearer than in the linked issues of protectionism and adjustment.

GATT was among the first to draw attention to the intensity of the protectionist pressures that have built up over a significant segment of international trade. GATT was also among the very first, and perhaps the most insistent of all, in suggesting that these protectionist pressures, although aggravated by the slackening in economic growth, were fundamentally a symptom of failure to adjust rapidly enough to changes in competitive conditions. As we have heard in the past few days, this diagnosis has been broadly and rapidly accepted. I welcome this, since it makes it possible to concert our efforts to tackle this vital issue for the 1980s.

I myself believe that the key to countering protectionism lies in creating public understanding of what is happening—or not happening. The measures already taken against the exports of developing countries, and the threats to their export prospects, largely result from misunderstanding.

We in GATT have for the past two years done what we can to dispel such misunderstanding. We have shown that the balance of trade in manufactures remains greatly in favour of developed countries. We have pointed out that developing countries will spend their growing earnings largely on further purchases from developed countries, and that demand from developing countries, has in fact greatly contributed to sustaining world trade in the last few years. We have stressed that manufactured imports from developing countries represent only a tiny portion of the total consumption and trade of industrialized countries. We have insisted on the fact that competition from developing countries has a minimal impact on employment in developed countries, compared with that which results from technological change. Any such impact, moreover, is likely to be more than offset by additional employment created by increased exports to developing countries.

As to the extent of protectionism at present, I would plead guilty to having helped to raise the alarm. I have spoken on many occasions, and over several years, about the great rise in protectionist pressures and the dangers they present for everyone. I therefore feel a duty to acknowledge that, in the past 12 months, Governments have to a large extent resisted the calls made on them for new protective measures. The pressures still exist and continue to make themselves felt with special force in certain sectors of particular interest to developing countries. But a wholesale lapse into protectionism has up to now been avoided. There is no room for complacency, for much is at stake. However, efforts to reinforce the defences against protectionism should be greatly helped by the strengthening of rules and disciplines and the trade liberalization resulting from the Tokyo Round.

It should be emphasized once again that at the root of protectionism is failure to adjust in good time. This is in the first instance a national responsibility. But adjustment is much easier in a dynamic economy. For this reason, one of the most effective means of promoting adjustment is to provide healthy and expanding prospects for international trade. To achieve this, maintaining the momentum of trade liberalization and reform will be the continuing task of GATT in the 1980s.

Finally, let me stress the vital importance of being prepared to meet crises and challenges to trade policy as they arise. We can and should try our best to foresee what trends are likely to emerge in world trade and trade relations, and to develop policies to meet them. But what actually happens will often differ from what we expect. To keep world trade on a steady and expanding course requires a continuing readiness to concert views and policies, sometimes very rapidly indeed, in response to events. I see this as a critical part of the responsibilities of the Contracting Parties to the General Agreement.

Consistently over the years, international trade has shown itself a powerful motor for economic development. Throughout the developing world, the countries whose trade has grown fastest have also been those whose economic growth has been the most dynamic. The expansion of world trade, for the benefit of all the trading nations, is the central purpose of GATT. I believe that the trade liberalization achieved in the Tokyo Round, and the new GATT institutions and procedures, with their special emphasis on promoting the trade of developing countries, should enable GATT, through resolute action, to fulfil this role effectively during the 1980s.

## **INTERGOVERNMENTAL BODIES**

**Statement made at the 160th plenary meeting, on 15 May 1979,  
by Mr. B. Sen, Secretary-General of the Asian-African Legal Consultative Committee**

Please allow me at the outset to extend to you, Mr. President, on behalf of the Asian-African Legal Consultative Committee, our greetings and felicitations on your election to the presidency of this august body, which represents the hope of the developing world for a better tomorrow. It is only right that this momentous Conference should be gathered here, not only because this country, under the inspiring leadership of President Marcos, has forged ahead along the path towards development and in promoting the uplifting of its people but also because the historic Declaration and Programme of Action adopted by the Ministerial Meeting of the Group of 77 on 7 February 1976 emanated from this city.

I would also like to take this opportunity to convey our congratulations to the Secretary-General of UNCTAD, Mr. Gamani Corea, on his outstanding role in steering the work of UNCTAD towards a meaningful goal in translating into reality the objectives of the new international economic order.

It may not be out of place to mention that the Asian-African Legal Consultative Committee, which was established in 1956 following upon consultations at the Bandung Conference, and which now has a membership of 38 participating States and an almost equal number of States with observer status, has not been slow to orient its activities to play a role in the evolution of norms and practices to usher in a new era in the growth and development of the countries of our region consistent with the achievement of their political independence and their membership of a free society. While serving as a forum for Asian-African co-operation in the development of an international law in the context of the changed structure of the world society, and assisting the Governments of our member countries in their preparation on major international issues before the United Nations, such as the Law of the Sea, we have tried to keep pace with the developments in the field of international economic co-operation and trade law. Thus, with the adoption of the First United Nations Development Decade in 1960, our Committee, at its Colombo session, decided to take up for examination various questions and issues concerning international sales of goods and commodities, in view of the expected changes in the trading pattern of the countries of our region. Our activities were also directed almost at the same time to other areas of international economic co-operation, including foreign investments. The Committee's continuing involvement in this sphere led to our participation in the work of UNCTAD, and one of the important initiatives we were able to take was to help in the consolidation of the position of developing countries in regard to the Code of Conduct for Liner Conferences. This was followed by the establishment of official relations with UNCITRAL, which has now

adopted *in toto* the programme of work recommended by our Committee. At our twentieth session, held in Seoul earlier this year, it was decided to give utmost priority to studying the implications of the new international economic order in its various aspects, and it is our sincere hope that we may be able to work in close co-operation with UNCTAD in this field. It is in this context that I would like to place before you certain views and suggestions.

The Declaration on the Establishment of a New International Economic Order and the Programme of Action, viewed in their true perspective, would clearly indicate that the aims and purposes of the Declaration were to evolve practical ways and means for transforming a colonial economy into a balanced economic structure to suit the needs of the changing pattern of a world community composed of free nations, both developed and developing. This Programme of Action, like a number of other declarations and plans of action which have been subsequently adopted, has long since identified the areas where urgent and concerted international action is called for and also set out in considerable detail the modalities through which this could be achieved. Particular mention may be made in this regard of the Lima Declaration and Plan of Action on Industrial Development and Co-operation, the resolution adopted at the seventh special session of the General Assembly, the Charter of Economic Rights and Duties of States, the Manila Declaration and Programme of Action adopted by the Ministerial Meeting of the Group of 77, and the declarations and action programmes adopted at the fourth and fifth Conferences of non-aligned nations. What is needed at present is a firm resolve to implement these plans of action at the global, regional and subregional levels. Our approach has necessarily to be pragmatic, so that the new international economic order becomes a matter of practical reality and does not remain in the realm of rhetoric or political slogans. This, no doubt, has to be achieved through successive stages, keeping in perspective the more urgent needs of the developing countries, especially the least developed among them.

The colonial system, which we had inherited, followed a basic pattern under which industrial activities were primarily concentrated in the metropolitan capitals, with the colonies providing the raw material and also serving as ready markets for the finished products of home-based industries. Furthermore, the production and marketing of agricultural produce, like the exploitation of mineral wealth, were retained in the hands of companies or individuals in metropolitan centres.

With the achievement of political independence, it was to be hoped that economic emancipation would

follow, but even though more than two decades had elapsed since the process of decolonization had set in, the economic order continued to proceed on the same old pattern. As a matter of fact, the economies of the newly independent nations followed a deteriorating trend. One of the main causes of this unsatisfactory state of affairs would seem to have been the fact that the marketing of their produce, whether agricultural or mineral, continued to be linked with the old colonial institutions, which retained little or no interest in ensuring a fair price for such commodities. Furthermore, the prices which the new nations had to pay for acquiring plant and machinery and know-how for their developmental projects and for consumer goods had skyrocketed. Those and certain other causes had led to a widening gap between the developed and the developing nations, and an alarming economic situation had arisen, necessitating the convening of a special session of the General Assembly in the spring of 1974. The historic Declaration on a New International Economic Order was therefore conceived on a theme of new norms and practices which would fundamentally change the old colonial order, the major areas requiring immediate attention being the basic problems of raw materials, including an adequate price structure, the industrial growth of developing countries, transfer of technology and restructuring of the international monetary system.

Despite a series of major initiatives taken both within and outside UNCTAD over the past five years, the results achieved so far have fallen short of the expectations of the developing world. There are of course several reasons for this relatively slow rate of progress, but this is perhaps understandable in view of the fact that the changes contemplated embrace the entire gamut of human activities in the economic field. The importance of these negotiations, however, cannot be minimized, since they have helped to create a climate conducive to international co-operation to bring about the desired changes and accelerate the growth of developing countries. The stage has perhaps now been set for the focusing of attention on certain areas where results can be achieved within a short time span, not only through initiatives at global level but also through regional and subregional co-operation, which may prove to be the surer means of effecting the changes in a progressive and systematic manner.

It is a matter of satisfaction that a breakthrough has been possible in the negotiations on the creation of a Common Fund, and it is our earnest hope that solutions will be found within the framework of the Integrated Programme for Commodities which will, within a reasonable and definite time-frame, ensure fair prices for raw materials, whether agricultural or mineral, which constitute the wealth of the developing nations. This by itself, however, will not be sufficient to protect their export earnings, and it would appear to be equally important to work out the terms and conditions that ought to be applicable to sales transactions in such commodities, because the very purpose of a fair price can be defeated through imbalanced contractual terms. Furthermore, we have to keep in perspective that increased prices for raw materials may have some impact on the prices of plant and machinery and other finished products, and it would be important to ensure that the

benefits derived from higher prices for raw materials are not wiped out by the increasing cost of goods and services which the developing countries have to obtain from industrialized nations. It is therefore of prime importance that urgent attention be focused on the question of rapid industrialization, as envisaged in the Lima Declaration, through initiatives at the global, regional and subregional levels, and on evolving a fair and adequate system which would allow manufactured and semi-manufactured goods sufficient access to markets in the developed countries. It may also be appropriate at this stage to embark on activities in certain new and hitherto unexplored fields, in view of the functions of UNCTAD as a generator of new ideas and new policy approaches, as envisaged in the Manila Declaration. What I have in mind here is the optimum utilization of the resources of the exclusive economic zones, which have vast potential as a source for meeting the requirements for food, energy and raw material.

Having regard to the considerations I have just stated, and with a view to assisting in the process of economic growth and co-operation, primarily among the countries of the Asian-African region, in a practical manner and taking into account the broad framework of the programme of work of UNCTAD and other United Nations bodies engaged in the field, we are now devoting attention to the following four specific areas: first, elaboration of terms and conditions applicable to sales transactions in certain commodities, through the formulation of standard and model contracts; secondly, a programme designed to promote co-operation among the countries of the region, especially among the developing countries themselves, with a view to accelerating the process of industrialization through the harnessing of their resources; thirdly, organization of an integrated disputes settlement system in relation to international trade and commerce, including foreign investments, through regional arbitration centres and national institutions; fourthly, a plan of work aimed at assisting countries of the Asian-African region in regard to the exploitation of fishery and other resources of their exclusive economic zones, including arrangements for mutual co-operation.

I would now like to indicate broadly the scope of these initiatives in the context of the global efforts towards achieving the objectives of the new international economic order.

#### *Terms and conditions for transactions in commodities*

If the developing countries are to reap the full benefits of the present negotiations aimed at ensuring fair prices for raw materials so as to bridge the gap in their economic growth, one of the essential prerequisites, in addition to stable market conditions, concerns the terms and conditions of trade. This is an area where urgent action is necessary. In this connection, it may be pointed out that the policies underlying a colonial economy had necessarily led to the establishment of a number of institutions and bodies in various European capitals for regulating transactions in particular commodities, and all sales transactions in such commodities had to be entered into in the forms of standard contracts prescribed by those associations. It was repeatedly pointed out, beginning with the Havana



Conference of 1947-1948, that the terms and conditions contained in such standard contracts could no longer be applied in the changing structure of world trade. The need for the elaboration of new norms and standards is even more pronounced if the new economic order is to become a reality. It was for this reason that one of the primary tasks assigned to UNCITRAL by the General Assembly was to draw up general conditions of sale, but the progress made has not been very promising. The Asian-African Legal Consultative Committee has now been able to complete, at the initiative of its member States, certain model contracts which could suitably be applied to sales of specified commodities which are generally exported from developing countries, such as grain, rubber, edible oil, coconut products and spices. These model contracts have now been published as documents of the Economic and Social Council, and it is our hope that, with the progressive use of such model or standard contracts, the unequal terms and conditions under which transactions still continue to take place will gradually disappear. This is a field where much work still needs to be done, and concerted action will have to be taken over a number of years.

#### *Industrialization*

As clearly envisaged in the Lima Declaration and Plan of Action, rapid industrialization can best be achieved through co-operation between developed and developing countries, particularly in regard to transfer of technology and capital. Although such co-operation is bound to be most productive if brought about at a global level, it appears to us that, having regard to the comparatively slow progress so far achieved, concentrated efforts ought now to be made to promote co-operation at the regional level; this, no doubt, would lead gradually towards global co-operation. The degree of success achieved in Latin America through the activities of the Latin American Economic System and between the developed countries themselves in Europe is indicative of the potential of regional co-operation in the economic field.

I may say that the region comprising Africa, Asia and the Pacific is ideally suited to regional co-operation, particularly as it represents a replica of the world community as a whole. We have within this region countries which are highly industrialized and extremely advanced in technological know-how, and which are in a position to assist developing countries in the exploitation of their natural resources and in the process of industrialization by imparting technology through technical assistance or joint ventures. We also now have a number of countries which may be regarded as the developed among the developing countries, which have acquired skills in manufacturing goods conforming to international standards in certain sectors. Then there are countries which have surplus funds which could be invested in the developing countries under appropriate terms and conditions for their mutual benefit. There are a few countries which fall within the category of the least developed, but by and large the majority of the countries of the region are those which may be termed as developing, some of them having abundance of raw material or unexploited natural resources. There is also an abundance of manpower in certain areas, especially

in the category of semi-skilled or unskilled workers, and many of those people are facing acute problems of unemployment in their own countries. There is thus considerable scope for arrangements for co-operation which would have as their objective the harnessing of available resources for industrialization in the developing countries, particularly in those which are least developed.

The developed countries in our region have almost reached optimum point in industrialization, and they could well benefit by participating in the industrial activities and development programmes in the countries of the region. They could also profit by transferring progressively to developing countries those industrial activities relating to production of intermediate materials, processing of raw materials and manufacture of consumer goods for which the economic conditions in several of the developing countries are potentially better, in view of cheaper labour and availability of raw materials. Such a programme would at the same time be greatly beneficial to the developing countries themselves, as it would set in motion a process of industrialization which might help to resolve their continuing problems of balance of payments and unemployment in a more positive way than initiatives in spectacular areas. This would also be a means through which technology could be gradually and effectively transferred. It is a matter of satisfaction that some progress in these directions is already under way, but the benefits from those forms of co-operation could be better realized through a systematic approach.

It may also be mentioned that a certain degree of progress has been achieved within our region in promoting co-operation between developing countries themselves, and countries which could be described as the developed members of the developing category have offered to share their technology and have gone into joint ventures with other developing countries of the region. Particular mention must be made of India's efforts in this direction, and it is our hope that this process of co-operation will be further enhanced through every possible encouragement. It would indeed be of great advantage if some kind of understanding could be reached between the developing countries themselves by way of regional co-operation to demarcate areas of industrial activity with a view to avoiding competition and to complementing each other's efforts.

A co-operative effort with the countries which have adequate funds but lack raw materials, technology and manpower might also be fruitful. It would be useful to investigate the possibility of promoting tripartite ventures with the objective of bringing in technology and manpower for rapid industrialization in order to create tangible assets for the future. Industrial efforts in some of these countries may, however, have to be somewhat limited as being uneconomic by reason of lack of access to raw materials and labour in their vicinity. It might therefore be worthwhile for them to consider investing some portion of the surplus funds, under adequate guarantees, in development projects in other countries of the region through equity participation in companies and corporations, or on a profit-sharing basis, which would allow them sufficient return and at the same time

help developing countries to obtain capital for their industrial progress.

It may be stated that several oil-producing countries are already assisting the developing countries of the region by aid through various development funds, and as a matter of fact the investments made by them in the West are also percolating down to the countries of our region to some extent through Western economic assistance programmes. Nevertheless, a scheme which would promote economic partnership between these countries and other developing countries of the region would produce better results, particularly on a long-term basis.

If the process of industrialization can be brought about in the manner envisaged, it would also enhance the possibilities for regional co-operation in other areas, especially in regard to market access for the industrial products of developing countries both within and outside the region.

The Asian-African Legal Consultative Committee has now undertaken the preparation of certain model agreements which would be based on the concept of harnessing the resources of the region in the shape of technology, manpower, raw material supplies and capital, in the hope that such model agreements might focus the attention of the Governments on the need and utility of regional co-operation. The first step in such a programme would be to identify the types of industries which could be established through such co-operative efforts by way of a phased programme and on the basis of priorities. This would be followed by preparation of schemes patterned on the concept of mutual assistance in regard to particular types of industry, supplemented by a series of model agreements or standard clauses in different areas of activity, such as capital employment, terms and conditions for transfer of technology through joint ventures or otherwise, consultancy agreements, service contracts for employment of technicians and manpower from abroad, construction contracts, etc.

Another closely connected matter in which we may also be able to assist is the creation of an incentive-oriented climate in which foreign participation in industry as well as investments could be facilitated through the promulgation of appropriate legislation in the country of investment as well as in that of the investor. It is a matter of satisfaction that a number of countries in our region have already shown their awareness of such a need. By way of example, mention may be made of the recent incentives offered by Sri Lanka for industrial development in its free trade zone and the laws and regulations in Malaysia, Singapore and the Gulf countries in the fields of taxation, foreign exchange control and related matters.

#### *Settlement of disputes*

Another area in the evolution of the new international economic order which is of considerable practical importance is that of the settlement of disputes arising out of transactions in the economic field, whether they relate to commodity trade, foreign investments in developmental projects, transfer of technology or participation in industrial activities. UNIDO has rightly pointed out in one of its recent studies that the lack of

an adequate system for settlement of disputes considerably hampers the process of industrialization, and that arbitral institutions which have their origin in the colonial period and which have hitherto exercised monopolistic control in the field are no longer suitable in the context of the new international economic order. The need for an acceptable system of settlement of disputes in order to create confidence and stability in international commercial transactions cannot be over-emphasized. I am happy to say that during the past few months the Asian-African Legal Consultative Committee has been able to take an important initiative in this field. Under its programme for an integrated disputes settlement system, which envisages settlement of disputes through arbitration by national institutions at the place of the performance of the contract or through regional institutions, where appropriate, it has prepared an elaborate scheme which would help to fill the gap in this area. Two regional centres have already been established under this scheme, one in Kuala Lumpur and another in Cairo, and steps are being taken to develop national institutions within the region and to promote their co-operation. The regional centres will not only provide facilities for settlement of disputes through arbitration under their own auspices but will also assist in promoting the wider application and use of the UNCITRAL Rules on *ad hoc* arbitrations, as recommended by the General Assembly, in the matter of enforcement of awards. The Kuala Lumpur Centre commenced functioning in October 1978, and it is a matter of satisfaction that an agreement for co-operation with it has already been entered into by the World Bank Centre for Settlement of Investment Disputes.

#### *Resources of the exclusive economic zone*

Even though the Third United Nations Conference on the Law of the Sea has yet to conclude a convention, certain broad areas of agreement have emerged out of the negotiations, the most important of which is the concept of the exclusive economic zone, according to which every coastal State would have an exclusive right to the resources, living and non-living, of a belt of the sea extending over 200 miles measured from its coast. A large number of States have already made declarations in regard to the establishment of their economic zones, and several others are in the process of so doing. Several countries have promulgated legislation, and a number of fishery agreements which provide for mutual co-operation or joint ventures have already been entered into between several States or entities sponsored by them.

The establishment of 200-mile economic zones on a global scale would bring within national jurisdictions nearly one third of the oceans and, even more important, 90 per cent of the resources currently under commercial exploitation from marine areas. The migratory habits of fish and the location of the fishery resources have already ensured that, except for a certain percentage of tuna and whale catches, the rest of the fishery activities are conducted almost wholly within the 200-mile zone. The growing demand for conventional energy supplies will also place increasing importance on the development of off-shore petroleum resources.

International acceptance of the concept of the exclusive economic zone, however, is but the first step in the process of the realization of our goal, and the efforts of the developing countries will become meaningful and lead to tangible results only when those States are in a position to undertake the exploitation of the resources of the zone. Even in this field, there clearly exists a potential for effective and fruitful co-operation among States at regional and subregional levels.

The Asian-African Legal Consultative Committee, pursuant to a decision taken at its Seoul session, held in February of this year, is currently engaged in a programme of work aimed at assisting the countries of our

region in the formulation of their plans for optimum utilization of the fishery resources of the economic zones, by preparing drafts of model agreements for the exploitation of the living resources, including joint ventures, guidelines for national legislation and promotion of regional and subregional co-operation.

These are some of my thoughts which I wanted to share with you, and I would like once again to offer our fullest co-operation in the activities of UNCTAD in connection with your efforts to work towards achieving the objectives of the new international economic order in practical and tangible forms.

**Statement made at the 165th plenary meeting, on 18 May 1979,  
by Mr. Joseph Nyama, Assistant Secretary-General of the Central African Customs and Economic Union**

On behalf of UDEAC, whose delegation I have the honour to lead, I should like, Mr. President, to congratulate you warmly on your election to the presidency of the fifth session of the United Nations Conference on Trade and Development. This mark of confidence is unquestionably a well-deserved tribute to your great and beautiful country, and especially to your own personal qualities. These congratulations also go to all the officers of the Conference.

In addition, I should like to take this opportunity to thank the Government and the people of the Philippines for their very warm welcome, the organizers of this Conference and particularly Mr. Gamani Corea, Secretary-General of UNCTAD.

The work of this fifth session of the Conference is taking place at the close of a decade which has been particularly unsettled for the world economy, a decade marked by a very high rate of inflation and underemployment, with the result that there has been an inevitable and dangerous shift on the part of nations towards protectionism. It is therefore appropriate to ask a number of by no means unimportant questions at this fifth session of the Conference, namely: what results has the Second United Nations Development Decade yielded? what has been achieved since the fourth session of the Conference, held in Nairobi? what are the lessons to be drawn in formulating a programme of action for the Third United Nations Development Decade? what are the tangible results of the North-South Conference?

The answers to these questions will make for appropriate solutions to the most severe crisis the international economy has experienced since the Second World War, a crisis that has hit the developing countries in particular. The international community must strive to bring about a more just international economic order and a co-operation that is mutually beneficial for all. The developing countries are duty bound to make a definite contribution to this immense, but inspiring, task. For this reason, they bear a responsibility for finding effective solutions to the serious social and economic problems facing them and working out

strategies that will promote self-reliance and effect basic structural changes, so as to remove the obstacles to development once and for all and speed up the socio-economic and technological development of their societies.

With a view to contributing to the establishment of a new international economic order, UDEAC, which covers the United Republic of Cameroon, the Congo, the Central African Empire and Gabon, has been engaged for more than 14 years in untiring efforts to further the development of its member States. The basic objectives of our Union are very much in keeping with the endeavours to achieve closer co-operation among developing countries. The Union has taken as its objective the gradual and progressive establishment of a common market through the removal of obstacles to inter-State trade, adoption of a procedure for the fair distribution of industrial projects, and co-ordination of development programmes.

During the first decade of its existence, UDEAC established institutions capable of promoting an increasingly thorough process of integration, the main practical effects of which have been:

- Close and effective customs co-operation;
- Harmonization of domestic tax systems and national investment codes;
- An accounting scheme applicable in all States of the Union; in this connection, UDEAC is pleased to note that, following the latest conference in Cotonou, there is a good chance that its accounting scheme and the options it offers will be extended to all the ACP States.

This process of integration is also reflected in:  
Co-ordination of transport plans and policies;  
Harmonization of industrial policies.

In regard to customs and fiscal co-operation, UDEAC has drawn up a common customs tariff which governs the relations of its members with third countries, so that the Union forms a single customs territory. But UDEAC is original in that it has created a tax system known as the "single tax", which is designed to

intensify trade between member States but without depriving them of the associated budgetary resources. An equally original system of compensation between the inland States and the coastal States has been created to take account of the advantages enjoyed by the latter because of their privileged position in regard to transport and transit operations. This is the Union's solidarity fund, which is maintained by the coastal States for the benefit of the land-locked States.

As to national investment codes, UDEAC has adopted a joint convention with a view to harmonizing the benefits granted to private investment and thus avoiding any outbidding among member States.

In pursuing their endeavours in respect of industrial co-operation, the heads of State of the countries members of the Union have adopted a new policy aimed at associating all States, more closely than in the past, in the common task of industrialization by establishing subregional industries financed and set up with the participation of all member States. The enterprises established in this way will be the property of the Union and will help to strengthen it by bringing the interests of the member States closer together. UDEAC aims at promoting industries based on its natural resources, such as mining, forestry, agriculture and energy, with a view to increasing the extent to which it can supply itself with foodstuffs and basic industrial products.

In assessing the first decade of existence of UDEAC in 1974, the heads of State of the countries members of the Union reaffirmed their political will to consolidate the work already undertaken and to assign new objectives to the organization for the second decade. The second decade of UDEAC was thus declared the "industrialization decade", and specific steps were taken to mobilize national and multinational financial resources for the development needs of member States. Accordingly, a Development Bank for the Central African States has been established, which allocates 50 per cent of its resources to operations of a community nature and grants an interest rate subsidy to enterprises that are set up in the land-locked countries, and a code for multinational enterprises has been adopted, which provides the legal framework for associating the interests of member States with those of foreign entrepreneurs in community ventures.

My purpose in describing UDEAC and some of its achievements has been to show that subregional organizations such as UDEAC, far from being indifferent to the problems that are of concern to Governments throughout the world, are endeavouring with the means at their disposal to make a contribution, no matter how small, to the search for solutions to the problems facing the international community. In the light of the task performed by UDEAC, we are bound to recognize that regional and subregional groupings certainly provide the best framework for practising the principle of solidarity with the least developed countries, which are often handicapped by their inland geographical situation and an almost complete absence of basic infrastructures. Such groupings undoubtedly

contribute to the establishment of a system of collective self-reliance—the central theme of the Arusha Declaration. They are an essential tool in bringing about effective co-operation among developing countries. This is why our Conference must find the means to enable UNCTAD to give subregional economic co-operation the material, financial and human support that matches its aspirations. Hence, we look to this Conference for the formulation of a broad-ranging programme that will underpin the priority action undertaken in various places by regional and subregional organizations.

At the same time, no matter how great the assistance of the developed countries, we are aware that our work cannot on its own effect a fundamental change in the existing structures of the world economy. A new international economic order will be established only if every industrialized and developing country genuinely feels the need for it and agrees to set about the task with no other aim than to save the whole of mankind.

The current crisis in the international economic system cannot be regarded as a cyclical phenomenon but must be recognized as a manifestation of a deep-seated structural malfunctioning, which therefore calls for fundamental changes. This is because the existing international economic order not only fails to support the growth of the developing countries but also produces the opposite effect, namely, their regression. Hence the urgent need to transform the structure of the international economic system and to recast the world economic order in a spirit of independence, equity and equality among all States. In this connection, the Arusha Programme for Collective Self-Reliance, which was so ably introduced by the head of the delegation of the United Republic of Tanzania, contains proposals for concrete and proper solutions to the current crisis in the international economic system. Our organization therefore endorses the priority measures set forth in the Programme.

UDEAC trusts that the solutions that will be provided by this fifth session of the Conference to the crisis in the international economic system will stimulate the development of subregional and regional groupings. In this spirit, our organization considers that all peoples are entitled to expect their living conditions to improve and to enjoy a better life. Again, we cannot but think that it is the duty of the wealthy countries to enable the developing countries to have readier access to modern technology, or to assume responsibility for aiding them for all time, something which, in our view, seems impossible, as the existing situation goes to prove.

I trust that the work of the fifth session of the Conference will meet with every success for the progress and happiness of our peoples.

Before concluding, I should like to thank President Ferdinand Marcos and the First Lady of the Philippines, Mrs. Imelda Romualdes Marcos, Governor of Metro Manila, for the kindness they have displayed to us since the opening of this session. I would ask them to accept this expression of our deep appreciation.

**Statement made at the 155th plenary meeting, on 11 May 1979,  
by Mr. Claude Cheysson, member of the Commission of the European Communities**

*After thanking the Philippine authorities for the splendid hospitality shown to delegations participating in the fifth session of the United Nations Conference on Trade and Development and paying tribute to the President of the Republic and to the First Lady of the Philippines, as well as to the Secretary-General of UNCTAD, Mr. Cheysson continued:*

The European Economic Community has expressed itself formally through its President and will continue to do so throughout the discussions, in many different ways. It will thus confirm its passionate interest and that of its member States in the subjects dealt with in the framework of UNCTAD, by adopting constructive positions here at Manila, as at Geneva, where it has contributed, sometimes decisively, to the successful outcome of important discussions on the Common Fund. Its member Governments made a similar contribution just three days ago, through the positions they adopted, in accordance with the recommendations of successive sessions of the Conference on the subject of generalized preferences and of relieving the debt burden of the most disadvantaged countries, by deciding that the nine member States of EEC would be the first industrialized countries to ratify the Code of Conduct for Liner Conferences. This represents decisive progress for the maritime countries of the third world (the only comment added by EEC relates to the apportionment of freight among its own companies and in no way affects the tonnages guaranteed to the third world).

Accordingly, there is no point in a member of the Commission of the European Communities going over those positions once again. On the other hand, before such a distinguished audience, and in the unique forum represented by such a session of the Conference, I should like to put forward a few general considerations underlying the important debates of the next three weeks.

I shall not dwell on the question of institutions and mechanisms, except to voice forthwith our desire to see the best possible use made of UNCTAD potential, which is probably not yet the case. As I see it, the problems of institutions and mechanisms will inevitably have to be dealt with in a realistic manner by avoiding duplication and seeking efficiency. But it would seem preferable to agree, first, on the objectives and methods and then to draw the institutional inferences.

I note first, with very great satisfaction, that the debate has been directed to fundamental issues, including, in the forefront of the preoccupations voiced by all speakers, the desire to make the best use of, to improve and to actualize the capacity of the third world to develop through the use of its own resources, whether within developing countries, in association with each other, or with the rest of the world. I welcome this situation and recognize the same concern as is felt in the old countries of Europe, namely, the determination of each nation to be master of its own destiny and to

benefit from development without having to abandon its identity.

Of foremost importance in the context of this determination to achieve self-reliance is co-operation among developing countries. And that is a good thing. Solidarity among the Group of 77 has set in train changes which are leading to a new international and world order. It is a fundamental element of progress.

EEC, by definition, believes in understanding between neighbouring countries; together, they have the necessary strength to make themselves heard; together, they reduce or banish the risks of outside interference in matters which inevitably divide them. It is by no means surprising, therefore, that EEC has sought and will systematically continue to seek agreements with such regional groupings. Here, at Manila, let me mention first our relations with ASEAN, an admirable organization. I would also mention our wish for a dialogue with the Arab world, which has been delayed by particular events of which everyone is aware, but to which we attach vital importance.

Lastly, and above all, I would mention the links that bind us to the African, Caribbean and Pacific countries in an experience that is unique in the world and in history. May I remind you that, in the Lomé Convention, at the request of our partners, we reserved a substantial proportion of the financial resources for concessionary aid for projects of interest to several of our partners: \$400 million by way of grants under the present Lomé Convention. It has now been decided to increase the share of overall financing to be allocated to regional projects from 10 per cent to 15 per cent.

The development capacity of developing countries must be exploited in an open market, through a liberalization of trade tailored to the existing state of the economy and affording the best prospects to each country. That is our partners' wish, and it is also ours.

The application of this very simple principle must form part of a search for ever greater security in relations between partners, guaranteed access to financial resources and guaranteed access to markets.

In this regard, one of the characteristic features of the new order will undoubtedly be the endeavour to conclude agreements through negotiations between the parties. We must make the transition from a system of unilateral concessions by the strongest to a situation of legality.

That, as you know, is the express desire of EEC, voiced by it as well as by some of you on the occasion of the conclusion of the Lomé Convention; its existence gives our partners a security that could not result from the annual unilateral decisions of member States, however generous those might be. The same desire moves us in our consideration of raw materials problems and the endeavour to conclude commodity agreements. It must also guide our study of the

obstacles which all too often bedevil appeals for foreign investment.

It is by no means surprising to find the EEC countries intent on placing international relations on a more secure footing. As you know—Mr. Monory has already emphasized this point—it was precisely this concern that recently prompted us to decide on a European monetary system, with a view to creating a European zone of monetary stability which, moreover, we believe will also help to bring some order into the chaotic world monetary situation from which we all suffer.

As we have done at the national level in an attempt to bring order to a number of economic mechanisms, let us leave the jungle behind and enter upon a more harmonious scene.

The primary task of UNCTAD is to deal with trade problems. It is therefore understandable that, in a general debate of such importance, every statement should deal with economic relations between our countries, particularly in so far as they are linked to the industrial development of developing countries which we are pledged to promote. To date, the results have been most disappointing. The subject must therefore be thrashed out. Progress must be made.

EEC, for its part, is determined to do so, as it has demonstrated by adopting a "generalized system of preferences" applicable to all the countries of the Group of 77, without exception, and granting them a maximum duty-free quota of more than \$7 billion a year. The results are already appreciable, for in the past five years EEC has recorded a higher annual percentage of import growth—31 per cent—in respect of manufactures from the third world than any of the industrialized countries.

We are told that the industrialized countries are protectionist. I remember that, as long ago as 1974, before there was any criticism on this score, the OECD countries solemnly adopted a trade pledge banning all protectionism. In particular, we are told—and we have heard this from the most distinguished speakers in this forum—that EEC is protectionist.

I might simply point out the facts that I have already mentioned. I might simply cite the Lomé Convention which, at the height of the crisis, grants 57 developing countries duty-free entry for 99.4 per cent of their exports, with never any mention of a safeguard clause; can anyone claim to be doing more? I might simply point out, speaking of textiles, that, in the early years of the implementation of the Multi-Fibre Arrangement, EEC absorbed 70 per cent of the increase in textile exports from the third world (compared with 15 per cent in the case of the United States of America).

I could also mention our action in regard to sugar, when we attempted to shield part of the third world from the disastrous effects of the fall in world sugar prices, by guaranteeing the sale of 1,300,000 tons at a fair price, or at any rate at a price far higher than twice the world price. I could mention the criticisms levelled against the common agricultural policy, whose sole object is to enable farmers to receive a reasonable return for their produce instead of forcing them, as the trend in

world prices threatens to do, to abandon their land and thereby add to the world's hunger.

But, before such a distinguished audience, I should like to go more deeply into this question. It is far too important for you, the third world countries, and for the world in general, that your industrial development should continue and should be accelerated, for us not to attempt to arrive at a better understanding of the reasons for and the sudden spread of the protectionist virus.

For this virus does exist. And when a society like EEC falls sick to the point where it has 6 million unemployed, and still more tomorrow, 40 per cent of them young people, most of whom have never worked, then this virus becomes singularly dangerous.

Believe me, the protectionist threat is as dangerous to our European countries as it is to your third world countries. What would have happened to the economy of the United Kingdom, what would happen to that of Belgium, if the frontiers were to be closed? What would become of each one of our European countries if protectionism were to spread? We import 75 per cent of our raw materials. Our exports to the third world represent 40 per cent of our total exports, three times those to the United States, and 20 times more than our exports to Japan. They have never ceased to grow, even during the crisis. The conclusion is therefore obvious. It would be suicidal for EEC to embark on a policy of protectionism.

Consequently, we must all collectively declare war on protectionism. It is a noticeable fact that this is being increasingly understood by public opinion in our countries, as is shown by the remarkable resolutions adopted separately and collectively by all the European trade unions.

It will at once be pointed out that there is a contradiction between this attitude and certain individual or sectoral decisions.

Take textiles, for example. EEC has lost 800,000 jobs in this sector in the past five years, due largely to the fact that higher productivity has not been accompanied by increased consumption or, to be more precise, by increased production by the textile industries of the Nine. It is against the backdrop of this stagnation in production that the problem of growing textile imports from the third world must be viewed.

The conclusion is then evident. The Community's policies of internal structural adjustment have not taken account of this import growth. Here we have clear evidence of the essential link between industrial growth in the third world and our own industrial policies. But once the interdependence of problems has been recognized, the link between your industrial policies and the situation in the corresponding sectors elsewhere in the world also becomes apparent.

In other words, each country, in adopting decisions concerning its people, must be able to take account of foreseeable developments.

I deliberately said "each country", for everyone wishes to be master in his own house. The time has fortunately passed when the industrialized countries could



dictate the economic policies of the developing countries. But as you will readily understand, neither are the industrialized countries willing to have their industrial policies dictated from outside.

The conclusion to which this leads us is that there must be continuous concertation, well in advance, enabling each country to establish the necessary forecasts and to take the appropriate decisions. That will be one of the possibilities opened up by the convention which will shortly succeed that of Lomé. It should be possible to do that at the world level.

Of course, this implies that we, the industrialized countries, must shoulder our responsibilities, and renounce any attempt to consolidate archaic industries or to maintain or strengthen sectors of activity which can be better developed elsewhere. It means, too, that we must contribute energetically to the development of industries in developing countries when those industries are sound, cover large national and regional markets, meet fully the objective criteria of the international division of labour and contribute to the improvement of the standard of living of the peoples concerned.

In short, any protectionism that would distort this picture must be rejected. We must recognize how costly that would be for our economies; and allow me to say that that also applies to the third world, where some permanent and unhealthy forms of protectionism, after quite justifiably helping to promote the development of a sound industry, could—as has sometimes happened with us—subsequently encourage the survival of unhealthy industries.

This analysis shows how closely our interests are linked. I could find many other examples to illustrate my point. Does anyone really believe that it will be possible to return to the minimum growth rate the world needs in order to deal with all its problems if the markets that most urgently require development—those of the third world—are not cultivated and developed as quickly as possible? Can it seriously be thought that we shall be ready to enter upon the formidable 1990s, to cope with the swift consequences of the energy shortage, in the form of soaring prices, if we do not work

together, North and South? There are so many other spheres requiring our joint attention and efforts in order that progress may be possible.

Let us therefore resolutely release the necessary resources and direct them where the need is most evident and most urgent. Let us give our food aid to the hungriest, our concessionary aid to the poorest, the best trade facilities to those with the most problems in this respect, our industrial support to those industries that have the most development potential and are best calculated to generate well-being. There is no question of differentiating between countries. However, the problems are not the same; the developing countries which met at Arusha noticed this particularly. In order that we may make progress in dealing with the most urgent questions, let us recognize that priority must each time be given to those sectors, industries and countries that face the greatest difficulties.

That is one of the principles of our co-operation in the context of the Lomé Convention, under which financial priorities, as well as commercial priorities, are accorded to some countries, but not necessarily the same ones.

This entire analysis is presented in global terms, for the problems are global in nature. The crisis at the world level and the desire for development in one part of the world—the Group of 77 countries—compel us to forge ahead. The possibilities must be explored from a global angle. When there is a war, there are two camps. Those in each camp are drawn up in columns of two and wear the same uniform. History has been profoundly affected by this phenomenon: believers against infidels, revolutionaries against established monarchies, East against West, etc. Let us avoid such conflict in our approach to the problem. It is not a question of North versus South. We have better things to do than exchange artillery fire or reconnaissance patrols. We must work together in a world where Manicheism must no longer prevail. For us, as Europeans, belonging to the group of industrialized countries, yet so close to the developing countries for economic and social reasons, that fact is particularly obvious.

**Statement made at the 164th plenary meeting, on 17 May 1979,**

**by Mr. Mohammed Hussein Al Fartoussi, Permanent Observer for the Council of Arab Economic Unity at Geneva**

Mr. President, please allow me to express my delight at your election to the presidency of this great international Conference. Your wisdom and experience are commensurate with the far-reaching hopes that the peoples of the third world are pinning on the work of this international forum, hopes, however, that are tinged with fear, anxiety and apprehension. I must also express my deep gratitude for the sincere and painstaking efforts made by the President, Government and people of the Republic of the Philippines to facilitate the holding of the fifth session of the United Nations Conference on Trade and Development at Manila. We are also highly gratified at the welcome and hospitality with which we have been received, since first setting foot on

the territory of this friendly Asian land, by the ladies and gentlemen of the Ministries of Foreign Affairs and Commerce, the municipality of Manila and all the other unknown workers who helped the UNCTAD staff to make such excellent preparations for this session.

Please allow me to convey to this international gathering, on behalf of the Secretary-General of the Council of Arab Economic Unity, the sincere hopes of the Arab world and of our organization, as one of its specialized bodies, that the work of this fifth session of the Conference will be eminently successful in helping to achieve the noble objectives laid down in the Arusha documents with regard to the establishment of equitable

economic relations among the various groups represented at this Conference and, in particular, between the developed industrial countries and the developing countries with a view to the establishment of a new international economic order.

The secretariat of the Council of Arab Economic Unity, guided by the resolutions of its regular and special ministerial sessions, is confidently and earnestly endeavouring to consolidate and strengthen the foundations of joint Arab economic action in international forums on the basis of the principles of absolute support for the Group of 77 and of appreciation of the need to strengthen the links of fruitful and permanent co-operation with the secretariat of UNCTAD, which is the United Nations organ for trade and development affairs. The relationship between our organization and the secretariat of UNCTAD has been constantly developing, not only at a direct bilateral level, since we are currently preparing a draft co-operation agreement between the international organizations and the Arab organizations with a view to the further consolidation of this co-operation, which has been intensified since our Council opened a permanent office accredited to UNCTAD one and a half years ago, but also at the level of other solid and developing relationships between the secretariat of UNCTAD and all the Arab States.

Our organization is motivated by a sincere desire for the further development of its relations with the divisions of UNCTAD, whose Secretary-General, Mr. Gamani Corea, enjoys the confidence of the international community and who has devoted his time, his whole-hearted endeavours, his knowledge and his wisdom to UNCTAD, thereby raising this international specialized technical organ to a level commensurate with the hopes that animate the third world and all mankind.

The stages of the major international negotiations that have taken place in recent years in the context of the North-South dialogue in Paris, and subsequently in debates in the General Assembly of the United Nations and its subsidiary organs, have shown that issues of considerable importance are still awaiting solution. With the exception of the advances made at Geneva on 12 April of this year within the context of the Tokyo Round of multilateral trade negotiations organized by GATT and those achieved in connection with an international agreement on multimodal transport and with the creation of a common fund on commodities, we are still awaiting the results of the other outstanding debates, which are of considerable significance for the countries of the third world. It is sufficient for me to refer to the remarks made in this connection by the delegations of the developing countries and of the Arab States which have already addressed the Conference, as well as to the observations of Mr. Gamani Corea in his

statement to the Conference, on Tuesday, 8 May. I would like to refer, in particular, to the hopes of the third world that the Conference, at its fifth session, will concentrate on the shipping sector, since the present situation in that sector, which is dominated and monopolized by transnational corporations, makes it difficult for the developing countries to develop their national maritime sectors in a comprehensive and integrated manner and to impose their sovereignty, in ratio to increased production capacity, in the transport of raw materials. The recent documents and studies issued by the Shipping Division of the UNCTAD secretariat have dealt with means of developing the shipping industry in the developing countries, and the Conference at its fifth session is invited to adopt a resolution recognizing the right to transport bulk cargoes, including oil, on the national vessels of the third world countries which export raw materials, including oil.

The agenda for this session implies tremendous historic responsibilities for Governments and international and regional organizations if we are firmly resolved to fulfil the aspirations of mankind as a whole and, in particular, the aspirations of areas and regions on the continent of Africa which, under the leadership of their liberation organizations and movements, are still engaged in a bitter struggle to free themselves from the remnants of foreign colonialism and to eliminate all forms and manifestations of racism, *apartheid* and discrimination.

Reference must also be made to the fact that we, the Arabs, have for our part been subjected for 30 years to a foreign invasion of Palestine, the heart of our Arab homeland, and to the displacement of our brothers, the struggling Palestinian people. That racist, Zionist invasion has even occupied, and is still in occupation of, other parts of our Arab homeland. The Arab nation in all parts of its vast homeland, abiding by the letter and the spirit of the resolutions adopted by the Council of the League of Arab States at its last session, held at Baghdad, capital of the Republic of Iraq, appeals to the peoples of the world represented here at this important Conference and calls upon them to help the Palestinian people and to provide that people with various forms of moral and economic support, medical and social assistance and other types of aid so that the Palestinian people, living in camps either within or on the borders of their occupied land, will be in a position to exercise their right of self-determination and to establish an independent Palestinian State on their national soil under the leadership of the Palestine Liberation Organization, their legitimate representative.

I wish this session of the Conference every success in the fulfilment of an appreciable part of the hopes and aspirations of the peoples of the world.

**Statement made at the 158th plenary meeting, on 14 May 1979,  
by Mr. Asen Velkov, Deputy Secretary of the Council for Mutual Economic Assistance**

Mr. President, allow me to express to you my gratitude for being granted the opportunity to address the participants in the fifth session of the United Nations Conference on Trade and Development on behalf of CMEA. Allow me also to congratulate you on your election to this high post and to wish you success in the discharge of your important duties.

The present session of the Conference is a further step in tackling the essential problems of the world economy in the context of the restructuring of international economic relations on an equitable and democratic basis. It is a session that should contribute to eliminating discrimination and artificial barriers to all the flows of international trade by doing away with all manifestations of inequality, *diktat* and exploitation in international economic relations. We are hopeful that all the participants will contribute to the attainment of these noble objectives.

The thirtieth meeting of the supreme organ of our organization—the Session of the Council—stressed that promoting a new kind of international economic relations was one of the central issues of our times and that, in keeping with their socialist principles, the CMEA member countries fully supported the developing countries' legitimate aspiration to achieve and strengthen their political and economic independence; they would always firmly support the developing countries in their struggle against colonialism and neo-colonialism in order to overcome the inequality imposed by imperialism and the oppression of some States by others; they would consistently help to narrow the gap in the economic development levels of the different countries of the world.

The current further aggravation of the crisis in the capitalist economy has a negative influence on international economic relations. In respect of external economic relations, this crisis has led to a slower development of international trade, to its greater imbalance, to a steady growth of protectionism in the developed capitalist countries and to greater monetary upheavals. As a result, the economic situation of most developing countries has deteriorated, and their opportunities for utilizing external economic relations to resolve their development problems have considerably shrunk.

The desire of the developing countries to achieve the establishment of the new international economic order and to restructure international economic relations, reaffirmed in the Arusha Programme of the Group of 77, has from the outset been actively supported by the CMEA member countries.

This desire has been supported in the statements by representatives of the CMEA member countries at the present session of the Conference. At the same time, the CMEA member countries have emphasized that all responsibility for the backwardness and economic difficulties of developing countries rests with the im-

perialist Powers, with their colonial and neo-colonial policies.

Efforts to promote economic development and to bring about a restructuring of international economic relations can be successful only under conditions of peace and *détente*. It is a matter of regret that attempts should sometimes be made to settle disputes between States by force, as has just been said with concern by the head of the delegation of the Socialist Republic of Viet Nam.

The year 1979 is an anniversary year for our organization. It marks the thirtieth anniversary of CMEA, the first economic organization established among socialist States.

In these 30 years, from an organization for multilateral economic co-operation of six European socialist countries, CMEA has developed into an organization for co-operation among 10 countries of three continents—Europe, Asia and Latin America. Under the agreement concluded between CMEA and the Government of the Socialist Federal Republic of Yugoslavia, the latter actively participates in the activities of the CMEA bodies. Co-operation within the CMEA framework covers material production, science and technology, trade, monetary, financial and credit relations, as well as other important economic sectors.

The experience of these three decades has fully vindicated the vitality of the principles on which co-operation among the CMEA member countries and the overall activities of CMEA are based, namely, the principles of socialist internationalism, respect for the sovereignty, independence and national interests of States, non-interference in the internal affairs of countries, full equality, mutual advantage and comradely mutual assistance.

At the present stage, co-operation among the CMEA member countries is based on the Comprehensive Programme for the further extension and improvement of co-operation and the development of socialist economic integration of the CMEA member countries, adopted in 1971 for a period of 15 to 20 years.

Of great importance is the co-operation among the CMEA member countries in respect of planning, especially co-ordination of plans for the development of the national economies of the member countries.

A new feature of multilateral co-operation in planning is the elaboration of specific long-term programmes of co-operation in different areas, to be implemented in the period up to 1990. Last year, the thirty-second Session of the Council approved three such programmes: on fuels and raw materials, on agriculture and the food industry, and on mechanical construction. Work is nearing completion on the programme on industrial consumer goods and transport.

The specific long-term co-operation programmes concretize and develop the Comprehensive Programme, charting agreed co-operation strategies for the CMEA

member countries in different sectors of material production over longer periods. The implementation of these programmes will facilitate the achievement of the goals set by the CMEA member countries with a view to ensuring steady economic development, further improvement in living standards, and the gradual drawing together and alignment of the economic development levels of the sister nations.

Co-ordination of national economy plans, specialization and partnership in production, science and technology, co-operation in the implementation of projects and creation of new production capacities provide a solid basis for expanding commercial ties between the CMEA countries. In 1978, their trade turnover reached almost 103 billion roubles, representing a more than twentyfold growth since 1950.

Co-operation within the CMEA framework contributes to the prosperity of the national economies of the CMEA member countries and to the alignment of their economic development levels. Unlike the capitalist world of crises and sharpening contradictions, the pace of development in the CMEA member countries is stable and dynamic. This is highlighted, in particular, by the substantial growth in national income and gross industrial output of the CMEA member countries as well as by the increase in their share in the world economy.

The CMEA member countries, in developing their mutual economic co-operation, are far from intending to embark on a policy leading to autarky or the formation of a closed economic group. They have expressed their resolve to contribute to broader, mutually advantageous economic ties with all countries of the world, regardless of their social systems, on the basis of the principles of equality, reciprocal advantage and respect for sovereignty. Co-operation within CMEA, by contributing to strengthen the national economies of the member countries, creates favourable conditions for a broader development of the economic ties of the CMEA member countries with other nations.

Against the background of economic difficulties in the capitalist world, the consistent development of economic co-operation between the CMEA member countries and developing countries and developed capitalist countries has emerged as an important stabilizing factor in the world economy.

In developing economic ties with third countries, the CMEA member countries attach special importance to the further expansion of trade as well as of economic, scientific and technological co-operation with developing countries. The CMEA member countries are actively assisting these countries to develop and consolidate their economies.

The scope of the commercial, economic and technical co-operation of the CMEA member countries with developing countries is constantly expanding, in conformity with the spirit of the recommendations of UNCTAD.

Between 1951 and 1978, trade between CMEA and the developing countries constituted a most dynamic sector in the trade of the CMEA member countries. Those years saw an increase in the share of the develop-

ing countries in the foreign trade turnover of the CMEA member countries.

To facilitate imports from developing countries, a number of CMEA member countries have taken steps to allow preferential access to their markets for products from developing countries.

In the interim period between the fourth and the fifth sessions of the Conference, some of the CMEA member countries expanded and improved their schemes of generalized preferences. Within the framework of measures favouring the least developed countries, Bulgaria and Hungary lifted tariffs on all products made in those countries. As is known, as far back as 1965 the Soviet Union lifted tariffs on imports of all products from beneficiary developing countries, including the least developed countries.

By 1 January 1978, the credit line opened by the CMEA member countries to developing countries amounted to 16.1 billion roubles. This figure does not include credits granted to the CMEA member countries which are also members of the Group of 77. With the assistance of the CMEA member countries, developing countries have completed or are in the process of completing over 4,000 different projects, of which 3,000 are already operational.

The CMEA member countries render economic and technical assistance to developing countries in key sectors of the economies of those countries. This is confirmed by the fact that over 70 per cent of all the credits are spent on the construction of industrial and power projects.

Developing countries are also being assisted in the training of their national cadres both at home and in the CMEA member countries. In 1978, about 41,000 nationals of over 100 developing countries were receiving training in CMEA member countries.

Apart from broader bilateral ties with developing countries, the CMEA member countries are also developing multilateral relations with those countries.

The CMEA fellowship fund has been operating normally. As is known, the fund has been functioning since the 1974/75 academic year. At present, 2,500 students from 44 developing countries have fellowships granted by the CMEA member countries.

In 1975, co-operation agreements were signed between CMEA and Iraq and Mexico, and their implementation began in 1976. The agreements aimed at the development of multilateral economic, scientific and technological co-operation between the CMEA member countries and Iraq and Mexico on problems of mutual interest. For a systematic study of the potential scope for multilateral co-operation and practical implementation of such co-operation, a joint CMEA-Iraq commission and a joint CMEA-Mexico commission were set up, composed of representatives of the CMEA member countries and representatives of the above-mentioned countries. The practical implementation of the commissions' recommendations will take place through the conclusion of appropriate multilateral and bilateral agreements and treaties between the CMEA countries concerned and Iraq and Mexico as well as between the competent organs and organizations.

Experience demonstrates that the CMEA agreements with Iraq and Mexico complement the bilateral ties, helping to broaden economic relations between the participating countries on a multilateral basis.

At the thirty-second Session of the Council, CMEA expressed its favourable attitude to the interest taken by the Lao People's Democratic Republic, the People's Republic of Angola and socialist Ethiopia in expanding multilateral and bilateral economic, scientific and technological co-operation with the CMEA member countries.

The rapid economic growth of the CMEA member countries provided for in their plans for economic plans for economic development and intensification of comprehensive economic co-operation between them, in keeping with the Comprehensive Programme, ensures possibilities for a further expansion of their economic co-operation with developing countries on the basis of mutual benefit. The utilization of these possibilities naturally depends on the mutual efforts of the partners.

Striving to participate actively in the international division of labour and relying on the principles of peaceful coexistence of countries with different social systems, the CMEA member countries are developing their economic relations with the industrialized capitalist countries.

At the same time as bilateral co-operation, it is undoubtedly useful to develop multilateral relations. Multilateral co-operation between CMEA and the Republic of Finland is developing successfully on the basis of the agreement of 16 May 1973. In keeping with the recommendations of the Commission on co-operation between CMEA and Finland, 22 multilateral and bilateral agreements have been concluded between the CMEA countries and Finland on economic, industrial and scientific and technological co-operation in different sectors. In 1978, the Commission approved the general conditions governing trade in goods between the CMEA member countries and the Republic of Finland.

The results of the multilateral co-operation between the CMEA member countries and Finland in the last five years covered by the agreement demonstrate that such co-operation is mutually advantageous and contributes to the strengthening of commercial, economic, scientific and technological ties between them.

The Final Act of the Conference on Security and Co-operation in Europe provides a good basis for the further expansion and deepening of economic relations between all European States. CMEA is resolved to contribute, within its sphere of competence, to implementing the relevant principles and provisions laid down in the section on "co-operation in the field of economics, of science and technology and of the environment" of the Final Act of that Conference, taking advantage for the purpose of its active co-operation with ECE, UNESCO and other international bodies.

Acting in the spirit of the Final Act of the Conference on Security and Co-operation in Europe, CMEA proposed to EEC that an agreement should be concluded based on the fundamental principles of mutual relations. The proposed text contains provisions aimed at

assisting the development of commercial, economic and other ties between the CMEA member countries and those of EEC. The question is currently being negotiated.

At the same time, however, it should be noted that the increasing protectionism of the Western countries hinders the development of trade between those countries and the CMEA member countries, as well as the growth of world trade as a whole. In these circumstances, it is necessary to take steps, within the framework of UNCTAD, and as a matter of urgency, to eliminate or contain protectionism before it does irreparable damage to the world economy as a whole.

We take note with satisfaction that co-operation between CMEA and UNCTAD is expanding and becoming increasingly practical. Meetings are regularly taking place between the leading officials of CMEA and the UNCTAD secretariat, a fact that confirms their mutual interest in expanding contacts and endeavouring to elaborate the necessary practical steps.

The CMEA secretariat has contributed to implementing Conference resolution 95 (IV) on problems of trade between countries with different social and economic systems.

The CMEA secretariat, through different channels, primarily through the United Nations Secretariat and the secretariats of UNCTAD, UNIDO, the United Nations regional commissions as well as other international bodies, has placed at the disposal of the developing countries information and documents regarding the activities of CMEA, in keeping with the recommendation contained in paragraph 7 of Conference resolution 95 (IV).

The CMEA secretariat took an active part in carrying out the UNDP-UNCTAD technical assistance project aimed at familiarizing developing countries with possibilities for the further development of trade and economic co-operation with the CMEA member countries. The CMEA secretariat sponsored a number of lectures for the participants in the seminars provided for under the project to describe the various aspects of CMEA activities.

One of the important events of the last year was the participation of CMEA in the seminar on planning techniques and implementation control, held in the Soviet Union for specialists from ESCAP member countries. The CMEA secretariat provided all the required facilities for the seminar. Highly skilled specialists of the CMEA secretariat delivered lectures on how to co-ordinate economic development plans and on scientific and technological co-operation among CMEA member countries. It is planned that CMEA should participate in organizing, together with UNCTAD, UNDP and ECLA, a seminar on co-operation and development of economic integration among the CMEA member countries.

Under paragraph 9 of Conference resolution 95 (IV), useful consultations were held in Moscow, in February 1977, between the CMEA secretariat and a representative of the Secretary-General of UNCTAD on the new trade opportunities offered to developing countries under the multilateral programmes of the CMEA

member countries. In October 1977, the CMEA secretariat took an active part in the session of the intergovernmental group of experts on the above questions, which were for the first time discussed as a package.

The CMEA secretariat is further prepared to contribute, within its terms of reference, to implementing the UNCTAD recommendations and closely co-operating with the UNCTAD secretariat for the purpose. It intends to pursue its efforts to provide the developing countries, through international organizations, with information on the activities of CMEA, the experience of economic co-operation among the CMEA member countries and the relations of CMEA with non-member countries and with international economic organizations.

**Statement made at the 161st plenary meeting, on 16 May 1979,  
by Mr. U. K. Hackman, Executive Director of the International Cocoa Organization**

For nearly 15 years UNCTAD has provided the forum for discussions between cocoa producers and consumers on ways to stabilize the world market price of cocoa at equitable levels. It is understandable that UNCTAD should be so concerned with cocoa, since cocoa is a classic example of a commodity which is produced solely in developing countries and consumed mainly in developed countries. In recent years the average of per capita national income in the five largest users of cocoa among the developed market economies has been nine times the average of the per capita national income in the five largest producers of cocoa.

While the discussions in the 1960s on an international cocoa agreement were inconclusive, in 1972 the United Nations Cocoa Conference, held under the auspices of UNCTAD, led to an agreement and the establishment of the International Cocoa Organization. At the time of my statement to the fourth session of the United Nations Conference on Trade and Development, in Nairobi, the first Agreement was in its final year and the concern was how to galvanize support for the second Agreement, the International Cocoa Agreement, 1975, which had been negotiated towards the end of 1975 and was due to enter into force on 1 October 1976. The situation as I now address this Conference is that the 1975 Agreement is due to expire on 30 September this year and the renegotiation of the third International Cocoa Agreement is in progress. Although the negotiating Conference held under the auspices of UNCTAD in January/February this year proved inconclusive, sufficient progress was made to encourage the view that a third agreement will be concluded when the Conference is resumed under the able chairmanship of Mr. Anthony Hill, Ambassador of Jamaica, in the very near future.

During the life of the current Agreement, as during the first, the price of cocoa beans on the world market has remained consistently above the maximum price fixed in the Agreement, with the result that the price stabilization mechanisms—a system of export quotas

The CMEA secretariat is also prepared to participate in the future in UNCTAD-sponsored seminars for officials from developing countries to familiarize them with the activities of CMEA and with the experience of co-operation within the CMEA framework.

Allow me to draw attention to the fact that, with the kind assistance of the UNCTAD secretariat, the CMEA delegation has distributed "Collected reports on various activities of bodies of CMEA in 1978", and the booklet "The Council for Mutual Economic Assistance: 30 Years". These documents contain more detailed statistical data and information on CMEA activities, and we think they will prove useful in the context of the discussions under way at this session of the Conference.

In conclusion, I should like to express my hope for the success of this session.

and a buffer stock—have never been tested. This was largely the result of the failure of production to increase following the low prices of the 1960s, which tended to keep market prices at record levels.

The fact that the economic mechanisms have never operated, however, does not mean that the Agreement has not been worth while. The existence of a buffer stock fund, with money in it, has given some security to those involved in making investments—either short-term or long-term—for the expansion of cocoa production. This element of insurance has probably been particularly important at a time when the distribution of production capacity among cocoa producing countries has been changing considerably. The insurance has partly offset the effects of the bitter memories of producing countries of the disastrous results of their rapid expansion of production in the late 1950s and early 1960s.

The lessons of the past two decades are clear. First, increased production can be encouraged only under conditions which allow cocoa producers to make long-term investment in the industry and which provide an assurance that this investment will not lead to burdensome surpluses. Secondly, extremely high prices cause manufacturers to reduce the cocoa content of their products and to use substitutes. Moreover, unlike many other commodities, cocoa loses its identity during the manufacturing process and becomes chocolate, and this loss of identity is perhaps one of the reasons why cocoa substitutes have been able to make inroads in the manufacture of chocolate. The generic promotion of cocoa, emphasizing the natural goodness of the product, will improve the image of cocoa and might go a long way towards bringing back that part of the cocoa market that has been lost to substitutes.

The lessons of the past have confirmed our view that a paramount aim of any agreement on cocoa must be to obtain a balanced expansion of both cocoa production and cocoa consumption. The objective should be to eliminate the longer-term cyclical pattern of high and



low prices which have dominated the world cocoa economy in the past. There was a consensus at the United Nations Cocoa Conference this year that the most effective means of achieving this objective would be to have an agreement based mainly on a buffer stock mechanism. The buffer stock mechanism would be so designed as to enable the International Cocoa Organization to buy and sell cocoa in order to keep the price of cocoa within an agreed range. The buffer stock would buy cocoa in times of surplus to prevent cocoa prices falling below the lower level and sell cocoa in times of shortage to prevent prices rising above the upper parameter.

The International Cocoa Organization is in a very strong position to implement such an agreement. It has at present a membership of 47 countries: 19 exporting countries, accounting for 95 per cent of world cocoa production, and 28 importing countries, accounting for 73 per cent of world imports.

But above all, over the past five and a half years the International Cocoa Organization has accumulated a substantial buffer stock fund that will reach more than \$193 million by the end of the period during which the Agreement is in force. This fund, which has been built up by means of a levy of 1 United States cent per lb, is testimony to the co-operation between cocoa producing and consuming parties to the Agreement.

It is envisaged that a new agreement will contain a provision which will make it possible for the International Cocoa Organization to have links with the Common Fund when it is established, and therefore the progress made at the recent Conference on the Common Fund in Geneva is welcome.

The concept of the Common Fund as originally enunciated, and the role it has played in international discussions, are of such tremendous importance for the com-

modity world that the International Cocoa Council, the governing body of the International Cocoa Organization, will need to consider a relationship between the Common Fund and the Organization's buffer stock as one of its top priorities.

In considering such a relationship, the International Cocoa Organization will of course have as its primary consideration the interests of its members and the advantages such a relationship would hold for cocoa producers and consumers. It is my personal view that the member States would expect that relationship to provide better interest rates on buffer stock investments with the Common Fund and also cheaper credit facilities for any borrowing by the Organization. At the very least, the Fund should be able to offer terms comparable with those available in the financial markets.

After years of negotiation, I hope that the Common Fund will emerge as a reality and that the vision of the Fund as a catalyst, which will bring into being new international commodity organizations and assist the smooth functioning of existing organizations, will materialize.

Finally, in our discussions we must not lose sight of the common interests shared by producers and consumers. All too often discussion revolves around differences, and common interests are ignored. What is needed in negotiations between producers and consumers is recognition by both sides of the reciprocal nature of trade. Earnings from commodity exports buy imports from developed nations, and this in turn leads to investment and creates employment. A remunerative, fair and stable price for commodities embodied in international agreements could therefore be said to be the financial priming pump for the international common good.

**Statement made at the 161st plenary meeting, on 16 May 1979,  
by Mr. P. S. Lai, Executive Chairman of the International Tin Council  
and Chairman of the United Nations Conference on Natural Rubber**

The International Tin Agreement has often been cited as the most successful example of an international commodity agreement. As the silver jubilee—the twenty-fifth anniversary—of the inauguration of the first agreement will fall between now and the next session of the United Nations Conference on Trade and Development, it becomes of interest not so much to judge the effectiveness of the international tin agreements over these past 20-odd years because, after all, success or failure is very often determined by a point of view, but rather to judge how the concept of the stabilization programme itself has developed during this period.

Originally negotiated under the influence of the Havana Charter of 1948, the first International Tin Agreement (1956-1961) was directed towards the alleviation of burdensome surpluses of supply, with emphasis on the avoidance of widespread unemployment in pro-

ducing countries brought about by severe downward price fluctuations.

By 1960, when the second International Tin Agreement (1961-1966) was negotiated, the emphasis had shifted from possible burdensome surpluses brought about by over-supply to concern about disruption of the tin market by disposals from non-commercial stockpiles.

By 1965, when the third International Tin Agreement (1966-1971) was negotiated, UNCTAD had just been established and its influence was immediate. The Havana Charter had been supplanted. The emphasis was now on growth and increased export earnings of producing developing countries, and the balancing of interests of both producers and consumers had become more evident. It is probably true to say that the third International Tin Agreement more correctly reflected

subsequent developments of international thought on commodity stabilization programmes than either of its predecessors.

The fourth International Tin Agreement (1971-1976) followed very closely the thinking of the third, balancing the needs of producing and consuming member countries, but adding emphasis to the need to improve the technical aspects of the mining industry and to achieve expansion of tin consumption.

By the time the fifth International Tin Agreement (1976-1981) was negotiated, in 1975, the concept of close co-operation between developed and developing countries advocated by UNCTAD was very much in evidence in the preamble to the Agreement, and the role that commodities could play in the development of a new international economic order was highlighted.

Throughout all five agreements, the need for price stabilization had been maintained, but the emphasis had altered from the need to prevent disastrous falls to the need to maintain equilibrium so that the longer-term interests of both producers and consumers would be protected.

From this brief and necessarily restricted résumé of what will soon be the 25-year history of the aims of the international tin agreements, it will be seen that the Council has had to be pragmatic in its approach to its responsibilities, and indeed the purpose of drawing these points to your attention is, in part, to make a plea for a pragmatic approach to all future commodity negotiations, including those of my own organization, and more particularly to the Common Fund.

There is no necessarily right way, or necessarily wrong way, to approach these matters which will remain immutable for all commodities for all time, and our own experience with the tin agreements has been that the impossible of today becomes the possible of tomorrow, and the accepted of a year hence.

In this category I have only to mention consumer participation in our buffer stock fund to illustrate how opinions can change.

At the beginning of the fifth Agreement, only France and the Netherlands, representing 9.5 per cent of the consumer votes, contributed to the funds of the buffer stock. Today contributions have been made, or promised, from countries representing over 60 per cent of the consumer votes in the Council. Certainly consumer participation in buffer stock financing had taken much longer to realize than one had wished, but what is more important is that it has become a reality, and I am hopeful that, by the beginning of the sixth Agreement, all consumer member countries will have agreed to participate in the funding of the buffer stock.

Wherever there is political goodwill there will always be a way which will open itself to us to overcome the most intractable of problems, and the greatest example which the history of the international tin agreements can offer to UNCTAD in its search for equitable and workable integrated programmes for commodities is that producers and consumers not only can work together and find common ground for their common interests, but that they will do so and, in fact, have been

doing so for very nearly 25 years. It is in this wider sense that I consider the tin agreements a resounding success, where co-operation takes the place of confrontation and where the search for answers to our problems is undertaken together in a spirit of complete understanding of the different, and sometimes conflicting, interests that are inherent in a commodity agreement.

Even if looked at from a narrower perspective, the parties to the Tin Agreement have every reason to congratulate themselves on the efficacy of the Agreement. Insofar as it concerns price stabilization, there is no denying the influence of the buffer stock whenever it has been in a position to intervene. If the price of tin could not always be prevented from breaching the ceiling of the price range, it was only because the resources available to the buffer stock had been highly inadequate and possibly, too, that the price range had often, in the past, lagged behind the trend in market prices.

Far be it from me to suggest that the Tin Agreement is perfect. There will always be room for improvement, especially in a fast changing world, bringing with it new circumstances that will require fresh solutions. Indeed, the International Tin Council is only too conscious of the necessity of adapting constantly to the needs of the day.

With this in mind, the Council has sought to improve the workings of the current agreement, resulting in important developments that have taken place over the past four years.

From what I stated earlier regarding contributions, it is clear that the major advance has been the strengthening of the buffer stock resources. We are now in an extremely strong position, and buffer stock financing has therefore ceased to be a problem. The Council is fortunate in that it is able to obtain for its buffer stock a purchasing power that is greatly in excess of the financial commitment of the Governments of its member States. With the establishment of the Common Fund, the funding of the sixth Agreement will take on a new perspective, and I have no doubt that the International Tin Council will wish to take full advantage of the Fund's facilities.

Another development has been our efforts at refining the method by which the price range is reviewed and revised. We have still to find the perfect answer, but the establishment of the Economic and Price Review Panel has helped us to approach the problem in a more scientific and systematic manner.

We have also instituted two major studies which are being carried out by the professional staff of the Council: one, on tin production, has been more or less completed during the past two years; the other, on tin consumption, is currently being carried out, with particular reference to the tinplate and solder industries, and when completed will provide an invaluable body of knowledge which, in the past, has not been directly available to the Council.

The development of the Council's experience and knowledge is of great importance, because I believe that we have a larger role to play than that of providing a forum where Governments holding different perspectives on a single industry can meet and exchange view-

points and hammer out acceptable compromise action for the common good, important though this is.

After more than 20 years of existence, the International Tin Council is poised to fill a wider role, a role in which professional management skills are allied to an informed data basis so that those who are engaged in any facet of the tin industry, as well as the Governments of both producing and consuming member countries, can turn to us for unbiased information and advice.

We still have a long way to go, and it would be foolish of me to suggest to you that we have overcome all the problems which beset us. But I have the greatest confidence in the future of the tin industry and of the International Tin Council. I am in no doubt whatsoever that the problems we have debated and fought over these last few years will eventually be overcome by goodwill and compromise, brought about by the knowledge that, despite their imperfections, the first five international tin agreements have been good for the tin industry as a whole, and therefore for both producer and consumer members of our Council.

I have but one regret, and that is the absence of a number of countries in our membership. The People's Republic of China, an important producer of tin, is not a member, nor is Brazil, which is both a producer and a consumer, nor are many other smaller consuming and producing countries. I should like to assure them that they will be most welcome in the Council. They may, however, feel that it is perhaps a little late in the day to join the fifth Agreement, but I hope that they will participate in the preparations and in the negotiations for the sixth Agreement, under the auspices of UNCTAD. More important still, I hope that they will become signatories to the sixth Agreement.

**Statement made at the 161st plenary meeting, on 16 May 1979,  
by Mr. J. H. Parotte, Executive Secretary of the International Wheat Council**

Although wheat does not form part of the Integrated Programme for Commodities, it has been the subject of intensive negotiations under UNCTAD auspices since 13 February 1978. It was in January of last year that the International Wheat Council, after a series of preparatory meetings, requested the Secretary-General of UNCTAD to convene a United Nations Conference to Negotiate an International Arrangement to Replace the International Wheat Agreement, 1971, as Extended.

On behalf of all members of the International Wheat Council, I should first like to thank once again the Secretary-General of UNCTAD for having agreed to call the Conference at such short notice and the UNCTAD secretariat for its excellent arrangements and co-operation in servicing innumerable formal and informal meetings.

A great deal of emphasis has been placed on the negative aspect of the decision of the negotiating Conference to adjourn at the end of its third session, on 14 February 1979. There were, and still are, references to "failure", "breakdown", "collapse". You should not be surprised if I disagree with such conclusions.

Before concluding my statement, permit me to say a word about natural rubber. As Chairman of the United Nations Negotiating Conference for an International Rubber Agreement, held recently, I should like to take this opportunity to make a brief progress report on the negotiations.

The resumed session ended only a few weeks ago. At that meeting, however, an important stage in the negotiations was reached which gives me much reason for optimism. In any commodity negotiation the most difficult questions have always, without exception, been those related to the economic provisions of the agreement. You will be pleased to know that an international rubber agreement is now in sight, since the package containing the main economic elements, which I had the honour to put forward, was generally accepted by the delegates to the Negotiating Conference. I would be the first to acknowledge that the compromise proposals, because they are a compromise, did not satisfy everyone. It is therefore a measure both of political goodwill and the keen desire to have a rubber agreement that they were prepared to accept the package as a whole, although the compromise did not meet their individual requirements in full measure.

We shall be meeting again almost immediately after this Conference in Manila. With the most important questions answered, I am confident that we will have a natural rubber agreement at the next resumed session, particularly if the excellent co-operative spirit that existed before is again present at the forthcoming meeting. Should we succeed, it would be the first commodity agreement to be concluded within the framework of the Integrated Programme for Commodities of UNCTAD.

Tremendous progress was in fact achieved in the course of the 12 months and one day of the negotiating Conference. When it started, every word, every sentence, every paragraph, every draft article or convention was in square brackets, to say nothing of the alternatives. The texts emerging from the third session contain only a few square brackets here and there and hardly any alternatives. Those square brackets will soon fall of their own accord once a consensus is reached on the main outstanding issues.

I should therefore like to emphasize some of the gains, positive features and results of the negotiating Conference. There was a consensus, willingness in matters regarding food aid and coarse grains. On wheat, laborious and intensive efforts were made to try and streamline the procedures giving meaning to the decisions of the negotiating Conference. All this was done in a very patient manner and should certainly not be lost.

The current Agreement consists of a Wheat Trade Convention and a Food Aid Convention. The former does not contain any substantive economic provisions, while the latter provides for a food aid programme of

4.2 million tons for the benefit of developing countries. The international arrangement under negotiation would include three new conventions: on the wheat trade, the coarse grains trade and food aid.

The main objectives of the Wheat Trade Convention are: (a) to assure supplies of wheat and wheat flour to importing members, especially developing importing members, and markets for wheat and wheat flour to exporting members, especially developing exporting members; (b) to contribute to the fullest extent possible to the stability of the international wheat market in the interests of both importing and exporting members, especially of developing members; (c) to contribute to world food security, especially safeguarding the interests of developing members; (d) to moderate extreme price fluctuations of wheat.

The objectives would be implemented through a system of internationally co-ordinated, nationally held reserve stocks, supported if necessary by additional measures affecting demand and supply.

By the end of the third session of the negotiating Conference, the mechanisms for the accumulation and release of reserve stocks had been practically agreed. So had the joint programmes of autonomous measures aimed at avoiding critical market situations and at restoring stable conditions as quickly as possible. Consultations, reserve stock actions and additional measures would be triggered off by the movement of a price indicator made up of a basket of eight wheats of different origins.

Agreement had also been reached on the question of price adjustments during the life of the Convention, to take account of variations in exchange rates, the trend of world inflation or deflation, and of any other factors that could have a significant impact on the international wheat market.

It was also agreed that any member unable by reason of a special situation to comply with the programme for accumulating or releasing its reserve stock would apply for that programme to be varied in respect of its obligations.

Three important issues still have to be resolved before the negotiation of the Wheat Trade Convention can be completed. I will refer to them in some detail at a later stage.

On the question of the coarse grains trade, the original proposals for a sophisticated convention on the same lines as the Wheat Trade Convention were subsequently abandoned in favour of a convention of a consultative nature. To all intents and purposes, the negotiation of this Convention is now completed.

The main objectives of the Coarse Grains Trade Convention would be: (a) to further international co-operation in all aspects of the coarse grains trade; (b) to promote the expansion of international trade in coarse grains and secure the freest possible flow of this trade in the interests of members; (c) to contribute to the fullest extent possible to the stability of the international grains market.

The Convention would cover barley, maize, oats and sorghum.

In the event of a situation of instability arising, mutually acceptable solutions would be recommended to restore market stability.

A point worth making is that it would be the first time that such an attempt would be made at improving co-operation in coarse grain matters through an international convention.

As to food aid, by the time the negotiating Conference adjourned, the negotiation of a new Food Aid Convention was practically completed. Only one or two points have still to be settled.

The objective of a new Food Aid Convention is to secure the achievement in physical terms of the United Nations/FAO World Food Programme Conference target of at least 10 million tons of food aid annually to developing countries in the form of wheat and other grains suitable for human consumption.

Under the 1971 Food Aid Convention, there were nine donor countries whose annual contributions totalled 4.2 million tons. When the negotiating Conference adjourned, two new donors had indicated their intention to join the Convention. The increased commitments of the existing donors, and those of the new ones, would result in annual contributions of some 7.6 million tons.

It was agreed that participation in the Convention should if possible be expanded to include new donors. At the request of the Chairman of the negotiating Conference and Acting Chairman of the Food Aid Committee, the Executive Director of the World Food Council, Mr. Maurice J. Williams, invited potential donors to consider the possibility of joining a new Food Aid Convention.

With regard to annual contributions, the obligations remain quantitative, irrespective of the price of wheat.

The new features of the draft convention may be summed up as follows: (a) rice is now formally allowed for the fulfilment of obligations; (b) to the maximum extent possible, members should make their contributions on a forward planning basis, so that recipient countries may be able to take account, in their development programmes, of the likely flow of food aid they will receive during each year of the Convention; (c) purchases of grain with cash donations may now be made from parties to the Food Aid or Wheat Trade Conventions, with preference given to developing countries parties to both conventions, and special priority to developing countries parties to the Food Aid Convention; purchases of grains from non-member developing countries for delivery to a neighbouring country are now possible; (d) if low-income developing countries as a whole suffer a substantial production shortfall in food grains, the Food Aid Committee may recommend that members should increase the amount of food aid available to cover emergency needs.

As to the channelling of aid, the provision inviting members to give full consideration to the advantage of directing a greater proportion of food aid through multilateral channels, with special emphasis on using the World Food Programme, is retained.

The three main issues still to be resolved as far as the Wheat Trade Convention is concerned are as follows:

(a) prices; (b) global volume of stocks and individual contributions; (c) special provisions for developing countries to implement their reserve stock obligations.

Concerning prices, the two most important of the six price points on the indicator scale are the second falling price point, which triggers off the accumulation of reserve stocks and is vital to producers, and the second rising price point, which triggers off the release of reserve stocks and is vital to consumers.

Food security basically involves two prerequisites: (a) production, which must at all times be sufficient to meet the growth in consumption; (b) reserve stocks, which will avoid a repetition of the problems and difficulties experienced by developing importing countries in covering their requirements in the mid-1970s.

If production is to be maintained and expanded to meet increasing demand, returns to producers exposed to world market prices should cover their costs of production. When those returns drop below production costs, as for instance at the beginning of the 1970s, the production machinery shuts down and may take another two years to get going again.

It was proposed that, for the first year of operation of the Wheat Trade Convention, the accumulation price point should be \$140, in terms of the price indicator. If, during the first year of operation of the Convention, the price indicator fell to \$140, member countries would at that stage assume only 50 per cent of their stocking obligations and the remaining 50 per cent when the indicator fell to \$125.

Developing importing countries were not in a position to accept the figure of \$140, which in their view should be at least \$10 lower.

As to the release price point, it was argued that reserve stocks should provide protection against excessive price increases. If stocks were released prematurely, supplies would soon be exhausted. It was therefore proposed that the release price point should be \$200, in terms of the indicator, during the first year of the Convention, and \$210 in the second year.

Developing importing countries were not able to accept this proposal either. Their argument was that to release stocks when prices reached high levels would defeat the purpose of the Convention. Their share of a volume of world trade of 70 million tons in 1978-1979 was 37 million tons, or 53 per cent. The proposed prices would put a heavy strain on their financial resources. Furthermore, high subsidies would be required to bring down the price of imported wheat to the domestic consumer level. In their view, the release price should be set at \$160, in terms of the indicator.

On the question of the global volume of reserve stocks, there were two proposals, one for 30 million tons and the other for 15 million tons.

Individual contributions to achieve the target of 30 million tons were based on a formula taking account of each country's share of total world trade, production variability and per capita GNP. In favour of this proposal, it was argued that the global volume of reserve stocks should be big enough to meet the objectives of the Convention. Food security depended on stocks suf-

ficiently large to make a psychological and operational impact.

Deviation of world trade from trend was the criterion for the 15 million-ton proposal. To take account of special problems faced by developing importing countries, reserve stock obligations would be reduced in the case of countries with a per capita GNP of less than \$1,000.

By the end of the third session of the negotiating Conference, individual contributions to the global reserve stock totalled some 20 million tons, which many countries considered as inadequate. It hardly needs stating that a higher level of reserve stocks will not be reached without increases in individual contributions and a wider participation in the scheme.

With regard to special provisions for developing countries, in addition to the special treatment already envisaged under certain articles of the Convention, there would be provisions to assist developing countries in carrying out their reserve stock obligations under the Convention with regard to: (a) acquisition of reserve stocks; (b) maintenance of reserve stocks; (c) adequate storage facilities.

A great deal of progress was achieved in this respect. Originally, developed countries were reluctant to include assistance provisions in a commercial convention. However, developing countries consider that the proposals still require further exploration. Progress so far can be summed up as follows:

For the purpose of facilitating the acquisition and maintenance of their reserve stocks, developing countries would benefit, in particular, from: (a) contributions of wheat and other assistance in kind; (b) financial assistance, bilateral or multilateral; (c) credit facilities.

When a developing country member does not have the storage installations necessary to meet its reserve stock obligations: (a) financial assistance could be granted either bilaterally or through the competent international organizations for the creation, adaptation or enlargement of its storage capacity; (b) pending the availability of storage capacity, its reserve stock obligations could be held by a developed country member or physical or financial facilities could be provided for storing its reserve stocks elsewhere; (c) temporary exemption from the relevant part of its obligations could be granted to that developing country.

An assistance evaluation committee consisting of developing and developed member countries would be appointed by the International Wheat Council. At the request of any developing member country, the assistance evaluation committee would examine the scale of the physical and financial needs of that country to carry out its reserve stock obligations. The committee would relate the needs of developing country members to the assistance available and report with appropriate recommendations to the Council.

As to the accumulation of reserve stocks, developing country members would have the option to postpone such accumulation until the price indicator had fallen to an agreed level below the accumulation price point.

As far as the release of reserve stocks is concerned, the principle was broadly accepted that developing

country members would have the option to begin releasing their reserve stocks whenever the price indicator had risen to an agreed level below the release price point.

It is also generally accepted that any developing country member which, through lack of physical facilities or for any other reason, is unable to accumulate its reserve stocks, shall be exempted from its obligation to accumulate reserve stocks.

The idea of the establishment of a fund created by voluntary contributions from developed countries to facilitate the acquisition and maintenance of reserve stocks by developing countries was gaining ground by the time the negotiating Conference adjourned.

Many positive features emerged from the negotiations. If the negotiating Conference had not reached full agreement when it adjourned, it had nevertheless forged links and evolved much collective thinking and mutual understanding on many important issues. The adjournment was not the result of unwillingness or refusal on the part of the negotiators to come to grips with the still outstanding issues. More time was required to ensure that the package being negotiated was in tune with national policies and with what negotiators considered to be the best solutions.

Another positive result of the negotiating Conference is that it has led to a much better appreciation of the problems facing exporting and importing countries, whether developed or developing, and of their respective positions.

At the best of times, it is always difficult to negotiate a commodity agreement. In the case of wheat, the issues are even more complex. The negotiators are trying to achieve a balance between agricultural policy, trade policy and political considerations. This is an ambitious task. It involves an entirely new strategy that has never been tried before in the international grain market. Agreement would have been possible on a "take it or leave it" basis. This would have been a mistake. The negotiators want an arrangement that will be credible, workable and economically viable in assuring market stability and world food security.

When the negotiating Conference adjourned on 14 February 1979, it recommended that the International Wheat Council should extend the Wheat Trade Convention, 1971, and that the Food Aid Committee should extend the Food Aid Convention, 1971, in the light of the work accomplished at that Conference. It also requested the International Wheat Council, once it was satisfied that the necessary conditions existed for a resumption of the negotiations, to request the Secretary-General of UNCTAD to fix a date for the reconvening of the negotiating Conference.

The International Wheat Council and the Food Aid Committee met in London in mid-March and extended both Conventions by Protocol for two years to 30 June 1981. The Protocols can be terminated in the event of a new arrangement coming into force before their expiry.

A resolution was adopted drawing the attention of all Governments to the necessity—in the interests of contributing to the fullest extent possible to the stability of the international wheat market, contributing to world food security, especially safeguarding the interests of developing member countries, moderating extreme price fluctuations of wheat and increasing the level of food aid—of resolving as quickly as possible the outstanding questions of substance still impeding the conclusion of an international arrangement in order to prepare the ground for the resumption of the negotiating Conference.

In relation to food aid in particular, it was recommended that, with a view to taking appropriate decisions at the next meeting of the Food Aid Committee, at the end of June, ways be explored to bring into operation from 1979/80 the increased levels of aid and other provisions as envisaged in the draft Food Aid Convention now before the negotiating Conference.

The Council further authorized its Chairman and its Executive Secretary, in association with the Chairman of the negotiating Conference, to initiate immediately the process of consultations and contacts with a view to implementing the resolution to which I have already referred. Finally, the Council requested the Executive Secretary to report on these consultations at the next session, at the end of June.

Since the Council meetings in mid-March, consultations have already taken place, particularly in the context of the fourth session of the FAO Committee on World Food Security in Rome at the beginning of April. They will continue here in Manila.

Ways of bringing into operation from 1979/80 the increased levels of aid and the provisions envisaged in the draft of a new Food Aid Convention are already being actively explored by the members of the Food Aid Committee. They will be meeting in London at the end of June.

Let us hope that, when the International Wheat Council meets in London, also at the end of June, there will be evidence of a further narrowing down of the differences regarding the critical and crucial issues still to be resolved in order to conclude the negotiation of a new Wheat Trade Convention.

It will be up to Governments to demonstrate their will to arrive at an early compromise having the right mixture of political involvement and economic judgement acceptable to developing and developed countries, to importing and exporting countries, in the interests of producers and consumers alike. For the resumption of the negotiating Conference, on the basis of the results so far achieved, could only usefully take place if it happened in the not too distant future. Any long delay would undoubtedly lead to a revision of the bases for the negotiation, as a result of developments affecting the market and trade policies.



**Statement made at the 170th plenary meeting, on 1 June 1979,  
by Mr. Mohamed Boucetta, President of the tenth Islamic Conference of Ministers for Foreign Affairs**

In the name of God, the Merciful, the Compassionate.

The Islamic Conference of Ministers for Foreign Affairs, held at Fez, Morocco, at the beginning of May of this year, requested my country, Morocco, to convey to this fifth session of the United Nations Conference on Trade and Development its greetings and best wishes for success. It is a pleasure for me to undertake this task and to address your distinguished gathering in order to indicate the importance that the entire world and, in particular, the Islamic Conference attaches to your work and to the positive results that it will produce.

The vast geographical extent of the Islamic world and its world-wide economic and financial importance, together with the significant size of its population and its political influence throughout the world, give the Islamic Conference a definite impact on the process of human development. Since Morocco is presiding over the Islamic Conference during the 1979-1980 session, I felt it to be my duty to come to Manila to give you a brief idea of how the Islamic world is dealing with the problems that you are discussing. International co-operation is basically a dialogue between human groupings and, as such, can be neither successful nor fruitful unless care is taken to avoid special and transitory problems. The aim of the dialogue should be to deal with international problems in a comprehensive manner appropriate to the history and development of mankind as a whole. Consequently, there is a need to highlight the international character of those problems.

It is in that spirit that the Islamic Conference has dealt with the major problems facing the world and has evaluated the international political and economic situation.

Peace and security are undoubtedly prerequisites for the establishment of any economic structure and for the achievement of social development.

Historical evolution may have divided the Islamic community into States and peoples. Nevertheless, I can assure you that, as was recently witnessed once again at Fez, all the Islamic States and peoples are firmly committed to common values and principles derived from the Holy Quran and the teachings of Muhammad, the last of the Prophets and Apostles, upon whom be the peace and blessings of God.

The infringement of these values and the violation of the Holy Places by the Zionists have outraged and angered Muslims. I refer here to the desecration of Jerusalem and the occupation of the land of Palestine and of other Arab territories by force. It is an established fact that, unless an equitable solution is found in the Middle East, the Muslims will enjoy no lasting peace and no positive contribution can be made by a vast section of mankind towards the building of a better world to which everyone will belong. In this context, we have expressed our desire for the convening of a special session of the General Assembly of the United Nations to be devoted to the question of Palestine, with a view to

the adoption of measures conducive to the implementation of United Nations resolutions concerning the withdrawal of the occupation forces from the occupied Palestinian and Arab territories and the recovery of the inalienable national rights of the Palestinian people under the leadership of their sole legitimate representative, the Palestine Liberation Organization.

The international character of such problems makes it necessary for us to deal not only with the question of the Middle East but also with another focal point where injustice is prevalent, namely, southern Africa, where colonialism and racial discrimination, as in the case of Zionism, represent a shameful violation of human dignity. Accordingly, the colonialist regimes in southern Africa constitute an obstacle to peace and economic development in the world. Moreover, it has become necessary for us to exercise extreme vigilance and caution to avoid any departure by the non-aligned movement from its basic principles or its political policy which guarantee its continuity and vitality, since we regard that movement as a decisive factor in international political stability.

The Holy Quran was the first book to call for tolerance and co-operation among tribes and peoples as a principle of international conduct. That concept is essential in order to ensure human dignity and prosperity. The Holy Quran also advocates opposition to discrimination and efforts to consolidate basic values. Consequently, it is our sacred duty to eliminate economic, social and cultural distinctions among peoples. With the exception of the racist regimes, which we all condemn, the constitution of every State represented here draws its inspiration from the international dimension of human values. I therefore have pleasure in appealing to the States participating in this Conference to affirm the need for commitment to and observance of those joint values and principles that we all share and that make it incumbent upon us to protect the dignity of the human person, regardless whether he belongs to the North or to the South.

We must give effective expression to our commitment and our loyalty to these principles during these negotiations on which the world is pinning such great hopes.

With regard to the work of the fifth session of the Conference, we must first of all emphasize that the Islamic group is an integral part of the Group of 77, since the views and aspirations of both groups are identical.

We can see that the world economy is currently suffering from an acute structural crisis, the fundamental problems of which have been aggravated by new imbalances which are appearing day after day with ever-increasing rapidity. The present system of international economic relations, which was established in the wake of the Second World War, is incompatible with the objectives of the new international order to which we are aspiring. The present system, which represents the fruits of victory reaped by the colonial Powers after the war,

was established without the participation of the countries of the third world, on the basis of inequitable economic structures and with absolutely no regard for the role of the developing countries. It is therefore essential that the Islamic group and the Group of 77 in general should participate in the decision-making process and in the management of the world economy.

The rationalization of the international order must take into consideration the close interaction among the various elements of the economy such as trade, currency, financing and development. We also consider that a new body should be established to supervise such relations in accordance with the new international circumstances in such a way as to enable us to achieve the desired goals.

In addition to the moral responsibility that the developed countries must bear with regard to the present international crisis and the evolution of the developing countries, there are other pertinent reasons for the industrialized countries to effect rapid changes in the structures of the international order.

The crisis in the present system lies at the very heart of international relations. In other words, this crisis is not confined to the Group of 77 or to the developed countries, since both are adversely affected thereby. This means also that the prosperity of the North is dependent on the development of the South. In short, the crisis is a joint problem which requires joint solutions. To reject this view and approach matters from the standpoint of power politics would increase the danger of confrontation, aggravate the crisis and dissipate the prospects of peace and security in the world.

The eyes of the world are turned towards Manila; the Conference must devise appropriate systems and adjustments for the establishment of a new international economic order based on the International Development Strategy.

**Statement made at the 153rd plenary meeting, on 10 May 1979,  
by Mr. Emile van Lennep, Secretary-General of the Organisation for Economic Co-operation and Development**

It is a great privilege and pleasure for me, as Secretary-General of OECD, to be able once again to address this eminent gathering. Your wide-ranging agenda, encompassing a large number of crucial issues in international economic relations and development, challenges the ingenuity and vision of the participants. They have here the opportunity to move forward towards mutually satisfactory solutions to a wide range of vital problems.

We at OECD have paid close attention to the preparations for this fifth session of the United Nations Conference on Trade and Development, and we attach great importance to its successful outcome.

In my statement today I would like to develop three main points. First, both developed and developing countries must be ready to accept and foster structural

The Islamic Conference of Ministers for Foreign Affairs, deeply concerned at the unsatisfactory nature of the prevailing international economic conditions that are still impeding development prospects in the developing countries, regrets the lack of political will on the part of the developed countries in the negotiations on economic matters, especially with regard to trade, industrialization, the monetary system and the transfer of resources and technology.

The Islamic Conference endorses the resolutions adopted by the Group of 77 at Arusha concerning collective self-reliance and the framework for negotiations and stresses the need for the earliest possible implementation of the comprehensive Plan of Action for Technical Co-operation adopted at Buenos Aires.

Having briefly reviewed various matters of concern to the tenth Islamic Conference, held recently at Fez, I renew my appeal, on behalf of the Islamic Conference, to this fifth session of the Conference and re-emphasize the moral and material responsibility of the developed countries with regard to the development of the third world, together with the responsibility placed upon them by virtue of their recent history.

The economic development of the developing countries is a prerequisite for the achievement of international peace and stability. I call upon the developed countries to transcend the requirements of a materialistic civilization and to adopt a noble and generous approach designed to ensure the welfare of the entire human race, whose moral and spiritual aspirations are being stressed day after day.

On behalf of the Islamic Conference, I would also like to express my gratitude to you, Mr. President, and to the Government of the Philippines, for having organized this Conference, which we hope will be crowned with success. We appreciate the efforts that you have made and hope that the work of the fifth session of the Conference will yield the best results in the interest of humanity as a whole.

change, which is the principal source of increases in real incomes. Secondly, most structural change takes place in response to decentralized signals coming from the market. Hence the need to maintain an open international economic system and to improve the effective and equitable functioning of markets in key areas of trade, commodities and investment. Thirdly, it is necessary to supplement market forces by channelling ODA to the poorer developing countries and providing adequate mechanisms to back up the flow of private funds to the more advanced developing countries.

In recent years, structural changes have been taking place not only in the role of developing countries in the world economy but, just as fundamentally, in the internal economic and social development of the developing countries themselves. Developing countries are anxious

to see further rapid changes in patterns of production, trade, and investment.

The strengthening of an open international system is clearly one of the most important contributions that could be made to the ability of developing countries to achieve their goals of industrialization and modernization.

It is inevitable that, under conditions of slow growth and high unemployment in the developed countries, there should be an increasing tendency to try to resist structural change. And indeed, the last few years have seen a revival of protectionist pressures and the growth of neo-protectionism in the form of domestic policies designed to prop up declining activities.

But structural change is the process by which resources move from producing things in declining demand to meeting increasing demand, from less to more efficient production processes, and to producing things which can be produced more cheaply than in other countries. It follows therefore that resistance to structural change is bound to impair the productivity potential of the OECD economies and to aggravate the inflationary difficulties which have been the major reason for their disappointing growth performance over the last few years.

Structural change in the OECD countries has traditionally come about through technological change and, to a lesser extent, through trade. OECD countries are not retreating from the open trading system which has served them so well at the very time when the benefits are beginning to spread out more widely in the world economy. It is in this spirit that I expect the OECD Trade Pledge to be renewed next month.

With respect to structural change in general, we have been paying particular attention to the need for a shift in domestic policies away from defensive measures towards more positive adjustment policies. General orientations for such a shift were adopted by the OECD Council at ministerial level last June. The Council emphasized in particular that specific action to cushion adjustments in individual sectors should be temporary and should be integrally linked to the implementation of plans to phase out obsolete capacity and re-establish financially viable entities. It was recognized that adjustment should be the result of market forces. This work has been pursued very actively since then, and will be reviewed by the ministers of the OECD countries at their meeting next month.

In the years of high growth rates, the adjustment process was one which moved smoothly, without creating major upheavals. However, in the present situation, which is characterized by slow growth and persistent problems of inflation, adjustment has become rather more painful and much more obvious. In some quarters, there appears to be a belief not only that it is slow growth that makes adjustment more problematical, but also that the driving factors of structural change—technological progress and trade—have also changed fundamentally, in the sense that, in the industrialized countries, these driving factors create far more problems of adjustment than before. In this connection, the rapid rise in imports of manufactures from a number of developing countries which have been in-

dustrializing particularly rapidly has attracted particular attention in OECD countries. The OECD secretariat has just completed a study of this phenomenon, which will be published shortly.

There are a number of points which emerge from this study which are worth making here.

First, there is nothing new or surprising about the rapid emergence of new industrial competitors on the world scene. Except for one or two sectors, where particular products have been affected, the speed of the emergence of these new competitors has not been abnormal.

Secondly, technological progress and shifts in supply and demand and competition within the OECD areas have been a far greater source of adjustment pressures than imports from the developing countries.

Thirdly, the net impact on OECD employment and on consumers' well-being has been positive. Until 1974, OECD exports of manufactures to the newly industrializing countries were rising faster than imports from them. From 1974 to 1978, exports and imports rose by roughly the same amount; but the net trade balance in manufactures of OECD countries with the newly industrialized developing countries remains substantially positive, as do the net employment effects.

The message of the OECD secretariat's study is clear. The increasing trade between the industrialized and the newly industrializing countries does, to be sure, present problems which must be handled properly. But, if appropriate policies are followed on both sides, substantial mutual benefits will continue to be derived from increasing trade in manufactures in both directions. For the advanced industrialized countries, these benefits take the form of cheaper goods for consumers, a spur to increased productivity and reduced inflation at home, and new and dynamic export markets abroad. For the developing countries, they include higher investment, productivity and real incomes, and the accrual of foreign exchange needed for financing accelerated economic development.

But as I have said, this entails the pursuit on both sides of a wide range of appropriate policies, not only trade policies.

Let me now turn briefly to commodities. Although exports of manufactures have been the most dynamic element in North-South trade, raw materials and agricultural products are still the principal source of foreign exchange income for many developing countries. In this area, too, the common interest, particularly with regard to the stabilization of markets and prices, is better understood. This is illustrated by the agreement on the fundamental elements of the Common Fund. There has already been significant, although not spectacular, progress in the negotiation of commodity agreements. This is not to say that we can be complacent about what has been achieved, but it should open the way to further improvements in the functioning of the world economy for producers and consumers alike, while taking into account developing countries' special interests.

It is clear that this Conference must also devote attention to the problems of financing for development. The

external financing needs of developing countries continue to be large and to grow. Uncertainties in trade prospects and large-scale rollover needs create for many developing countries difficult balance of payments and/or debt management problems. The maintenance of stable conditions for expanding international trade and the regularization of the flows of finance are closely interrelated issues.

Total financial resource flows to developing countries have expanded very significantly in recent years. The impressive increases in flows have been effected in good part through the private international capital markets. This demonstrates the responsiveness of the open market system to the needs of developing countries. But these changes have also created new problems and left serious gaps to which we shall have to address ourselves.

A particularly unsatisfactory aspect of the recent record is the relative decline in ODA. This is especially serious for the poorer developing countries. These countries face the most difficult development problems; it is here that the needs are greatest and progress has been slowest.

The Conference will be able to take note of some improvements in the quality of ODA and in its administration. Many donors have now undertaken retroactive terms adjustments that will increase the availability of net resources to poorer developing countries. Members of DAC have just taken steps to indicate their willingness to consider, under appropriate circumstances, the provision of ODA as a contribution to the recurrent costs of development projects they are assisting. This parallels their earlier indication of readiness to contribute to the local costs of such projects. In recent months, members of DAC, together with representatives of developing countries and multilateral donors, have been vigorously engaged in examining the lags between their commitments and disbursements of ODA and in seeking ways to reduce them.

As a group, the members of DAC have made substantial progress in softening the terms and increasing the relative flow of their assistance to the least developed countries. However, in order to carry out essential economic and social investments, there is a need for a more substantial allocation of ODA to a larger number of the poorest countries and, above all, a need to raise the present total of ODA. Improving the response to these needs is a matter of very great concern to the members of DAC, both individually and collectively.

Meanwhile, the more advanced developing countries have shown that they are capable of attracting large volumes of non-concessional foreign finance, and, short of unforeseen and disruptive changes in international financial markets, they are likely to be able to continue to do so.

There is a range of intermediate developing countries, however, whose external financing requirements raise rather complex and to some extent novel problems. The relative importance of official flows at highly concessional terms in the total external financing of some of these countries has fallen rather sharply in recent years. Greater reliance on international private capital markets for sound development purposes is in itself a healthy development, testifying to the growing strength and

creditworthiness of these countries. However, there is a need to improve the dependability and the maturity structure of the financial resource flows to many of them. The answer, perhaps, is access to an appropriate mix of financial resource flows. Some lengthening of maturity for balance-of-payments financing, more careful blending of concessional and non-concessional terms on official loans, together with some encouragement of private flows through such mechanisms as co-financing, might help to achieve this. Exploration of the scope for achieving an adequate and reliable mix of this kind is one of the important priorities for the near future, with the role of Governments one of the central issues.

The potential for international co-operation for mutual benefit extends beyond aggregate flows to specific fields of investment. There is a strong common interest in the balanced expansion of global production capacity to preclude shortages and bottlenecks which could stunt healthy growth in developing and developed countries alike. Increasing production of energy resources is a clear area of common interest. There are other areas, including essential industrial raw materials and food, where it is in our common interest to seek the expansion of production in developing countries, and we should therefore look together at measures to stimulate the required investment.

The increase in the volume and complexity of international economic interactions has made developed and developing countries alike increasingly dependent on their relationships with each other. All of us depend on the effective functioning of the international economic system and on its healthy growth. All of us, moreover, have a fundamental interest in greater participation by developing countries in the international economy. In such areas as trade, investment, commodities and technology there is much scope for international co-operation to improve the evolution of the global economy, with net benefits to all.

Emphasis on interdependence and common interest does not imply perpetuating unequal relationships or discouraging the industrialization and modernization of the developing countries. On the contrary, dynamic structural change, with an open and flexible economic system, can be the most effective means of promoting such advances. However, if its potential in this regard is to be realized, the system must be reinforced and conditioned by policies that address the special needs and vulnerabilities of developing countries.

As I have indicated, such policies should include trade regimes which, while moderating the shock of adjustments, keep markets genuinely open and accessible. They should include measures to bolster and regularize the transfer of resources to developing countries. And, particularly in the case of the poorest countries, they should include an augmented flow of well designed and well implemented ODA.

Overwhelmingly, of course, development will remain the task of the developing countries themselves. But the policies to which I have referred, and which are the subject of this Conference, can greatly facilitate the self-reliant efforts of the developing countries to strengthen and diversify their economies, secure decent standards

of life for their people, and participate as more equal partners in the world economy.

It is clear that developing and developed countries alike share an enormous challenge, the challenge to look to the future of our economic system and to have the

courage to develop and implement policies that will provide a secure and equitable future for all. This Conference can play an important role in this process if it succeeds, as I sincerely hope it will, in broadening and deepening the elements of consensus that are now within reach.

**Statement made at the 150th plenary meeting, on 9 May 1979,  
by Mr. René G. Ortiz, Secretary-General of the Organization of Petroleum Exporting Countries**

This meeting takes place at a time when there is a much greater awareness on the part of the international community concerning the measures appropriate for facilitating gradual structural changes in the world's economy. The agenda for the fifth session of the United Nations Conference on Trade and Development covers virtually all the key issues that are vital to the concept of a new international economic order. As members of the third world community, we in OPEC believe that the Arusha Programme for Collective Self-Reliance and Framework for Negotiations presented by the Group of 77 will be a valuable contribution to the formulation of a development strategy.

One issue on the agenda of this Conference is relevant to the combined thrust being made towards world trade in commodities. In this context I would like to refer especially to the importance of energy and, in particular, to that of hydrocarbons in world trade and development.

To begin with, during the coming decades, assuming continuing growth, the world is expected to consume three to four times the volume of minerals that have been consumed throughout the entire history of civilization; in the case of hydrocarbons, this figure is expected to be even higher, representing something like five times the volume consumed in the past.

On the one hand, the global energy picture during the first three quarters of this century has been characterized by technological changes and shifts in the energy consumption pattern, most notably with the emergence of the large-scale use of oil. The resultant shift from coal to oil has implied the creation of new economic structures excessively based on oil and the wasteful use of a low-priced commodity. During the 1960s and early 1970s, 60 per cent of the world's energy consumption was met by hydrocarbons (petroleum and natural gas). About 4 billion inhabitants of today's world consume something like 62 million barrels of crude oil per day, while 70 per cent of the world's total oil consumption (excluding that of the centrally planned developed economies) is concentrated in only seven major OECD countries.

On the other hand, in the present decade, the OPEC countries have been able to assert their sovereign rights over their natural resources. Today they control 68 per cent of the estimated total world reserves of crude oil and 39 per cent of world reserves of natural gas, while their crude oil exports account for 84 per cent of the world total.

It is indeed worth mentioning that, by the end of the 1960s and the early 1970s, inflation and recession were already beginning to bite deep into the economies of the industrialized countries, consequently affecting the entire third world and the OPEC member countries; in other words, these events took place before the oil price adjustment of 1973-1974. Therefore, in order to offset the effect of world inflation, OPEC initiated steps to prevent, at least partially, the deterioration of the purchasing power of its oil revenues. Here I must reiterate that the OPEC pricing policy was proved not to be the cause of inflation. As a matter of fact, while oil prices were kept frozen during 1977 and 1978, the world faced a tremendous inflationary process and currency variations such as had never been witnessed before.

Furthermore, the supply pattern of oil and gas over the past 40 years, in which OPEC member countries have had an increasing share, shows that reserves in those countries have been depleted at a faster rate than the reserves of other regions.

All discussions related to the security of supplies and oil prices hinge on the world's future energy outlook, and many recent studies have made a variety of predictions on these matters. The message of most of these studies is very similar and draws a gloomy conclusion, namely, that the world is heading for a major shortage of energy. This discouraging outlook, and the inadequacy of natural resources to meet the demand anticipated by the future growth of the world economy, is hoped to have brought about serious concern leading to positive steps being taken towards the solution of the energy issue.

We have always reaffirmed our countries' readiness to ensure oil supplies that will meet the essential requirements of the consuming countries in conformity with the pledge given in the Solemn Declaration of the Sovereigns and Heads of State of OPEC Member Countries at Algiers, in March 1975. In certain cases some of our member countries have been in a situation which could be referred to as that of "on call suppliers", which means that they had to produce more than they required themselves. The Solemn Declaration set out the main lines of the approach and thoughts of OPEC in regard to oil, and other aspects relating to development and international economic relations. The results achieved underline the organization's profound faith in the capability of all nations to bring about a new international economic order. The Declaration later served to inspire the creation of the Conference on International Economic Co-operation.

These prospects substantially justify increased efforts in order to face the transition period to high-cost energy, efforts to which we must all contribute with all the means at our disposal. They should certainly reflect an awareness of the depletable nature of this main source of energy and recognition that the era of cheap mineral resources has come to an end; this is true at least as far as oil is concerned. Thus both the industrialized and the developing countries must have a major interest in embarking on energy substitution programmes and practical co-operation for research into and exploitation of alternative sources of energy, whether renewable or not, as well as for a more rational use of energy.

In terms of the logical and legitimate development aspirations of the OPEC member countries, and taking into account the existing situation, our concern and actions are also aimed at maximizing our chances of winning the battle for domestic development and progress. The oil exporting countries have started to step up their industrial development on a more concrete basis; such ambitious plans are bound to push up internal energy consumption to higher levels. In this context, natural potentials to be developed are to be found in the sectors of refining, petro-chemical and other hydrocarbon-based industries, as has been recognized in the North-South dialogue.

Quite naturally, the OPEC member countries have embarked on the downstream sector of the oil industry, a sector of vital importance and concern to the organization, since it represents a logical approach that must become effective during the life span of the member countries' oil revenues; this means the conversion of the producing countries' role as providers of a single raw material to that of exporters of manufactured and semi-manufactured goods.

With the increasing pace of industrialization and development, the energy requirements of OPEC countries are growing rapidly. By the end of the 1980s, those countries' domestic consumption of oil, which was just over 1 million barrels per day in 1978, might very likely exceed 8 million barrels per day, thereby putting strong downward pressure on export levels. For some countries, due to the rate of depletion of their energy resources, it becomes a question of utmost importance in the long run to ensure the energy supply for their development. So we also have to seek alternative resources in order to adjust the end-use pattern of energy needs accordingly.

We must conclude that, unless the world speeds up the development and supply of new sources of energy, it is likely that production in the OPEC countries will not continue to fill the gap at a time when local consumption will be growing to such an extent as gradually to restrict availability for exports.

Most industrial countries are mainly preoccupied with the issue of security of oil supplies. However, the question remains whether those countries are prepared to take another step forward on many other issues of international concern, particularly for the developing countries, such as the transfer of technology on reasonable terms, greater involvement in monetary policies, restructuring world trade, etc.

The security of oil supplies should also be considered in terms of the efforts to be undertaken to increase oil and gas reserves, and in doing so the industrial countries are called upon to commit themselves particularly to the transfer of energy technology. The prospects of discovering new oil and gas reserves are especially promising in the OPEC countries, but also in other developing countries.

In the present circumstances it can be said that, particularly during the 1980s, we may expect the availability of supplies of this commodity to be of much greater concern to both consumers and producers. Due to their limited resources, the developing countries may be more seriously affected than the industrial ones, especially those which are energy deficient and therefore in urgent need of appropriate and speedy development of indigenous resources to overcome such a situation easily.

One very essential fact must never be forgotten, namely, that the OPEC member countries have basic social and economic characteristics common to all developing countries.

The OPEC countries, with their bargaining power, and through their collective action of nearly 20 years of efforts, have, as full members of the third world, been ready for discussion of oil and energy problems, provided there was also a readiness to include questions such as technology, raw materials and development, which are of great importance to the third world.

I should also like to emphasize that, in the view of OPEC, the problem of energy can be considered only as an integral part of all the other problems—social, technical, financial, and political—for which solutions have deliberately been kept pending by the industrialized countries.

In the remaining time allowed I would like to touch upon another point, namely, that the OPEC countries, as members of the third world, have given tangible support to other developing countries. In recent years the aid efforts of our member countries have been enormously increased over and above the previously existing means of aid-giving of some OPEC countries. Financial aid flows through a number of channels, collective and bilateral, are now handled by international financial institutions, as well as by the local and regional financial organizations of member countries. It is important to highlight the fact that the financial assistance granted to some of the less developed countries, during the second half of this decade, has been double, and in some cases triple, the amount representing the effect of oil price adjustments on these countries' oil import bills.

I think, judging from our own experience, that the countries which are part of our organization have shown particular concern about world problems, and I am sure that the international community will agree that OPEC countries have been playing a constructive and positive role to the benefit of the world at large at a time when the upward trend in the price of the scarce and depleting oil resources was inevitable.

To complement the picture of the financial assistance given by OPEC, I should like to make particular reference to the OPEC Special Fund, which was created in 1976 as one of the many instruments of change and as



a policy tool required for shaping new international economic relations. The type of assistance extended by this Fund reflects a particular distinction. The commitments of the Fund have already exceeded \$1 billion, including—to date—more than \$526 million in loans committed in more than 68 countries of the developing world. The projects financed have covered practically all economic sectors, with energy taking the largest share (30 per cent). Apart from its role as a source of direct lending, the Special Fund has also been instrumental in the establishment of new organizations, such as IFAD, and in the activities of many United Nations specialized agencies, in order to extend development assistance to other developing countries.

It might be useful to point out that the financial co-operation of OPEC with the third world is a relatively novel phenomenon in that it represents a completely untied transfer of resources from one group of developing countries to another. Expressed as a percentage of GNP, the net disbursement of total capital flows from OPEC to other developing countries, according to the statistics compiled by OECD, amounted to about 2.6 per cent in 1977, or the equivalent of \$7.6 billion, with concessional flows representing close to 76 per cent of total official flows.

The collective support given by our member States to the Integrated Programme for Commodities and to the Common Fund stems from these countries' realization that all developing countries which are heavily dependent for their economic development on the conditions of international trade do indeed have common objectives and aspirations. In a spirit of solidarity with other developing countries, OPEC has made known its readiness to provide, through the OPEC Special Fund, financial support to the least developed countries, in order to enable them, if they so wish, to make an equal contribution to the Common Fund. Furthermore, OPEC hopes that such an initiative will induce other countries which are in a position to do so to make co-operative efforts towards forming a pool of resources, so that the required contribution of all interested

developing countries can be met, in case their present financial position does not permit them to contribute to the Common Fund from their own resources.

In closing, it is important to stress that the action of OPEC member countries, both individually and collectively, and the success achieved, have brought about a legitimate bargaining power, which has been making a definite contribution to the establishment of a new international economic order within the context of international solidarity and, above all, within the context of our solidarity with the other countries of the third world to which we belong.

It is unfortunate to note that, while the OPEC countries are continuing their assistance efforts, the ratio of ODA to GNP on the part of the OECD countries has declined. The OPEC countries, which are poor developing countries themselves, have great problems of their own. We sincerely hope that the example set by OPEC, having embarked on mutual assistance programmes, will induce further commitments on the part of the richer countries.

It is clear that the current economic order does not serve the interests of all members of the international community. Gradual, fundamental changes are therefore inevitable. It should be fully appreciated that the interdependence of all nations in the world has increased, and that the rich countries have become more dependent on the supply of raw materials, while the developing countries have become more dependent on the supply of technology, services and manufactured goods.

On this occasion, OPEC wishes to reaffirm its support for concerted action under new auspices towards what is envisaged to be the new international economic order.

I would like to wish the fifth session of the Conference every success, and express my gratitude and appreciation to the Government and people of the Philippines for the excellent arrangements made and for their hospitality.

## **NON-GOVERNMENTAL ORGANIZATIONS**

**Statement made at the 166th plenary meeting, on 18 May 1979,  
by Mr. Nouri Abdelrazzak, Acting Secretary-General of the Afro-Asian Peoples' Solidarity Organization**

We need not highlight the great importance the peoples of the developing countries attach to this fifth session of the United Nations Conference on Trade and Development, to its deliberations and conclusions, since we think that such importance is self-evident. We also need not show how those peoples' plans for development have been seriously affected by external factors that exert an influence strong enough to foil their efforts to overcome backwardness and reconstruct their socio-economic life. We, on behalf of the Afro-Asian Peoples' Solidarity Organization, which has within its ranks the representatives of solidarity movements in more than 85 African and Asian countries, would rather put emphasis on two aspects of the development process, namely, the strategies of neo-colonialism as shown through the practices of its main tool, the transnational corporations, and the counter-strategies to be implemented to ensure genuine development for the peoples of the developing countries.

In this respect, allow me first to draw your attention to the fact that our organization has just concluded the International Conference on the Role of Transnational Corporations and the Strategies of Economic Development which it held, in co-operation with AFASPA, at UNESCO in Paris from 25 to 27 April 1979. This important meeting, which was attended by about 120 economists and scientists representing solidarity committees, trade union and national and international political organizations of developing countries, developed capitalist countries and socialist countries, concentrated its attention mainly on these two questions, and adopted two documents: a general declaration and a communication to your meeting, the fifth session of the Conference. The two documents are at your disposal and we hope that they will be the subject of due attention. I will not review the contents of both documents, but my statement will surely be based on the deep analysis they present.

We think that one of the main obstacles, if not the main obstacle, hindering our peoples' development efforts is neo-colonialism and its strategic line. This strategic neo-colonialist line aims at maintaining in Asia, Africa and Latin America, as far as possible, the socio-economic structure inherited from colonialism, and at binding these countries as tightly as possible to the world capitalist economy. This corresponds to the needs of transnational corporations in resolving the crisis which affects them. We cannot close our eyes to the fact that transnational corporations have become a terrible new force of the world economy and an important agent of modern neo-colonialism. International monopolies, through their notorious activities, aggravate the economic problems of the developing countries. It is only by eliminating their domination that the development of international economic relations can be

ensured on the basis of the principles of equality of rights and mutual advantage.

However, no people of this or that developing country can achieve this goal without the co-operation and solidarity of other peoples. That is why we believe that the unity of action of all the peoples of the developing countries is essential. That is why we believe that collective self-reliance, when achieved, will play a decisive role in foiling the strategies and intrigues of neo-colonialism and its main tool, the transnational corporations. This leads us to the second question we would like to tackle, namely, the counter-strategy to be implemented to ensure the peoples of the developing countries a genuine development.

We think that certain principles should govern the development strategy of our countries if it is to be successful.

First, it should be oriented against imperialism, neo-colonialism and all forms of racism, and in the interests of peace and social progress.

Secondly, it should be oriented to serve the best interests of the masses.

Thirdly, it must build national dignity and independence, democratic liberties and institutions preserving the unity of progressive forces and overcoming the heritage of colonialism and neo-colonialism. It must provide for the right of peoples to self-determination.

Fourthly, it must provide for rapid growth. It must combine modern technology with the provision of employment for the masses of unemployed and semi-employed. It must defeat the brain drain, develop cadres with know-how for modern industry and agriculture, and become part of the world of science and technology.

Fifthly, it must provide for the collective self-reliance of the developing countries. It must also provide for co-operation with all countries irrespective of their social systems, so long as the principles of equality, mutual advantage and non-interference in internal affairs are respected.

It was not by chance that the Afro-Asian Peoples' Solidarity Organization chose Paris as the venue for the International Conference on the Role of Transnational Corporations and the Strategies of Economic Development. It was Paris that witnessed the failure of the so-called North-South dialogue. And it was Paris that we chose to listen to the voice of the peoples of the developing countries denouncing those really responsible for this failure.

It was not by chance that our organization decided to hold this conference on the eve of your highly important

meeting, because we believe that the role of the mass movement in the developing countries and the role of Governments should be complementary.

In that spirit we held our conference, and in this spirit we participate in the fifth session of the Conference.

Along with its struggle for the political liberation of the peoples of Africa and Asia for more than 20 years, the Afro-Asian Peoples' Solidarity Organization has struggled for the second liberation of peoples, namely,

economic liberation. For this purpose it has organized conferences and seminars, published books and journals, and participated in practically all relevant national and international forums. In this field, we have co-operated and are ready to co-operate with all forces and organizations struggling for the establishment of a new international economic order that is more equitable and just. That is why we attach great importance to this session of the Conference, an organ of UNCTAD, with which we have ever-growing relations.

**Statement made at the 157th plenary meeting, on 14 May 1979,  
by Mr. Carl-Henrik Winqvist, Secretary-General of the International Chamber of Commerce**

I think that during this Conference dealing with one of the most important issues in modern times, development, something should be said concerning the key factors of this development, and particularly those who have to carry it out.

Last autumn, ICC held its twenty-sixth Congress in Orlando, Florida. It was opened by the President of the United States of America in the presence of the Secretary-General of the United Nations. You, Mr. President, also took part and delivered a speech dealing with the problems of development which was highly appreciated. The Congress was attended by an impressive group of leaders of different United Nations bodies. Thousands of business executives from all over the world participated as delegates. The theme of the Congress was enterprise, freedom and the future. The Congress was held in a period of major economic problems facing the world: unemployment, inadequate investment, slow growth, poverty and famine in developing countries. But, facing the future and taking into account all those negative factors, the delegates nevertheless recognized the tremendous possibilities lying ahead of us: developments in science and technology, introduction of new communications systems, opening of new markets and, most important of all, closer co-operation between countries and an underlying desire of all the peoples of the world for peaceful coexistence. Everybody recognized that the possibilities were there and the tone, hence, was basically optimistic. But would we be able to seize these opportunities? One message emerged loud and clear from that event: we can resolve our problems in business if we are given the freedom to act. But Governments on the whole show few signs of recognizing that truth. Their misconceived (no matter how sincere) interventions have persisted in preventing business enterprises from properly fulfilling their vital role. Governments, therefore, have themselves been endangering the future.

Development, it was recognized during the ICC Congress, cannot take place without an active and vigorous participation of business. To the question, what is the role of business in the growth and development process, the following answer was given: it is to organize the harnessing of mankind's resources—to bring them together—to satisfy as efficiently as possible the material needs of society; it is to create wealth and raise living standards. But another question was also raised.

Why in meetings such as the sessions of the United Nations Conference on Trade and Development do we hear so rarely mentioned the role of business enterprise and private initiative? Have they not earned a mention? Who has created the considerable wealth that already exists in the world? Who is responsible for the huge strides in material welfare that have taken place over the past 200 years? Who has developed and applied the marvellous advances in technology which characterize our age? Certainly not Governments. These achievements have been the consequence of private endeavour—by individuals working alone or in business enterprises.

If wealth creation is therefore the rightful role of business, what is the proper role of government, as we see it? In brief, it is to provide, so far as it can, an environment in which business has the confidence and incentive to flourish. Ideally, it is a stable environment of known rules and, very important, sound money. Government's role is an indispensable one but at the same time a limited one. It is to create and maintain in good order an institutional and fiscal framework which encourages among the citizenry habits of industry, thrift, inventiveness, initiative, risk-taking. This is the perfect combination between government and governed for society to prosper. Unfortunately, we are far from that desirable situation. If this Conference is to be a success, it must therefore take into account both the vital role of business in the wealth-creation process and the government's duty to secure a viable environment for economic development. A contradictory situation has thus emerged where, at the same time as business is readier than ever to meet the challenges of development, it is not given the freedom to work.

Very many of the economic difficulties which currently afflict both the developed and developing worlds stem from a constriction of market forces and business enterprise. In the industrialized world, and I am for the moment speaking of the situation in the industrialized world only, the prosperous 1960s seemed to encourage a belief that the productive sector of societies was infinitely resilient and could successfully sustain a wide range of burdens and constraints imposed in the name of what were said to be social ends.

We now know better, or at least we ought to. The productive sector was not infinitely resilient—and I am still speaking of the industrialized world.

The profits squeeze that ensued seriously undermined business confidence, particularly its confidence in the willingness of Governments to encourage wealth creation. The fashion of the age was security and equality, and its impact cut sharply into the profitability and flexibility of business. The so-called social legislation enacted during that period—and since extended—has introduced important rigidities and distortions into labour markets and has contributed in no small measure to the difficulties the developed countries are now experiencing in adjusting to new production techniques and trading patterns. The creation of such a situation has clearly been in some part responsible for the growth of protectionist sentiment within the industrialized world. Throughout the 1960s and early 1970s, while Governments were busy stimulating demand, the capacity of economies to supply was being increasingly weakened by a host of factors, for the most part imposed by legislation, which are far too many to enumerate here. The gap thus opened up between demand and supply has subsequently been filled by inflation and unemployment. This partly explains the high rate of unemployment in Europe. It is these twin evils that have inevitably acted as the balancing item. To discuss development without taking these factors into account will lead us nowhere.

A major fallacy lies at the root of the deep-seated problems that have accumulated in the industrialized countries in the past decade or so.

It is the fallacy of interventionism that bureaucrats make better commercial judgements than businessmen; that governments create wealth; that the economic activity of millions of consumers and producers is susceptible to detailed, centralized planning; that market forces can be decreed out of existence; that individual incentives and enterprise can be curtailed without ill-effect. And, I could add, it is the fallacy that, if interventionism has led to failure in the past, the remedy is more interventionism. Governments have demonstrated little appreciation of the function of market forces in channelling scarce economic resources to their most productive and efficient uses so as to satisfy consumer demand at minimum cost. And they have shown inadequate awareness of the vital role of private entrepreneurs in wealth creation, and of the conditions and incentives they require to encourage them to invest, innovate and take risks. In short, the actual situation is the result of nothing less than government's failure in the industrialized world.

What disappoints and distresses the world business community is that so many developing country Governments seem to have learnt so little from the recent failures of the industrialized world. Their strategy often seems to us to be based on that very same fallacy—the fallacy of interventionism—which is undermining the continued prosperity of the developed countries.

ICC has had the honour to submit to this Conference a report entitled *The world business viewpoint* (TD/NGO/12) on a number of the more important items on the Conference agenda. I am not therefore going into any details. Running throughout this report is a philosophy and many practical proposals which, in the view of business, would achieve far more rapidly and ef-

fectively the principal goals of the developing countries. For there is no disagreement about goals; it is in the interest of all mankind to eradicate poverty in the developing world. The differences exist about means to achieve those goals.

What are the main components of the business viewpoint? First and foremost is the conviction that world-wide economic growth will be most efficiently and rapidly promoted through the vehicle of the competitive market economy system. A glance at the world economic league tables shows that, where the market system has been properly harnessed, impressive growth and development have been achieved. The longer-term economic welfare of the developing countries cannot be advanced by wholesale modification of international commercial relationships along non-market lines. On the contrary, attempts to bring about resource transfers from rich to poor by means of controlling international markets will result in depressing the world economy as a whole.

Secondly, we need stable international economic rules. The whole trading and monetary system are questioned here today. Developing countries have shown distrust in the GATT system and, it is true, they have today received less satisfaction on specific demands than they wanted. But both the maintenance and strengthening of the GATT international trading system are fundamental to the development effort. It is in the vital longer-term interest of the developing countries to lend their support to GATT and to participate actively in its work. The further trade liberalization recently agreed upon in the Tokyo Round negotiations is essentially beneficial for the developing countries. There is one factor not to be forgotten, namely, the growth of protectionist sentiment in the industrialized world, which poses a considerable threat to developing country exports; and the continued recession will add to that threat. In this situation GATT provides the strongest ally for developing world interests in maintaining, and indeed improving, access to developed country markets for those products in which the developing countries have become or are becoming competitive.

The third element of the business viewpoint places great emphasis on the need for the industrialized countries to increase their willingness and capacity to adjust to new patterns of international production and competition. This will entail, above all, a restoration of respect for market forces and a disposition to permit the market to be the ultimate arbiter. Social measures must sometimes be necessary to cushion the victims of change, but they must not be used to resist adjustment. A great responsibility rests upon Governments and opinion-formers—and this includes the business world—in the developed countries to educate their electorates on the need for adjustment, as much for their own longer-term benefit as for that of the developing countries.

Fourthly, the private sector must be encouraged to invest more in the developing countries, both the foreign private sector and the domestic one. Here the prospects for success or failure lie primarily in the hands of developing country Governments themselves. Foreign private investment already plays a major role in

development, and is becoming even more important in view of the constraints on ODA.

But both foreign and domestic investment will materialize in increased amounts only if Governments create an economic climate which encourages enterprise. Business everywhere recognizes that it has a major role to play in development and wishes to do so, but it is too often frustrated by conditions which pose too big a risk for investment to be worth contemplating. Business fundamentally needs confidence, and a major element of confidence is a stable environment. In developing countries, as in developed, it is one of government's most important tasks to maintain an appropriate institutional and fiscal framework within which business and individual enterprise can thrive and create wealth. I have to repeat that a number of developing countries have understood this precondition for growth and are confidently reaping the benefits. It is my belief that more and more are coming to appreciate the vast potential of the private business sector. Let me reaffirm that the world business community is ready to respond positively whenever and wherever a welcoming hand is extended.

Business is committed whole-heartedly to the objective of fostering the rapid progress of the developing countries. The majority of the national committees of ICC are now to be found in the developing world and, since the developing countries are playing a growing role in our activities, it is appropriate that the problems of economic development should increasingly become a priority in the work of ICC. As a concrete expression of the world business community's renewed commitment to the development effort, ICC has been planning a number of initiatives to be launched this year and next.

This development programme proceeds from a recognition of the essential role of business in the development process. For who possesses most of the capital and virtually all the technology, techniques and know-how that the developing countries need? It is, of course, business. Moreover, it is really only business that can teach business in the developing countries how to be successful and expand. Governments can never teach business how to do business. What, then, is ICC proposing to do? In the first place, we are aiming to strengthen business organizations in developing countries so as to improve communications, understanding, a dialogue between the business community and government and between the business community and the general public. We see this as a key need and are currently participating in a very important project, the realization of which will require the co-operation of almost all developing country business organizations which wish to participate. Secondly, we are seeking to promote an environment in particular developing countries which is positive towards business so as to attract specific business ventures. The objective is to encourage investment, both local and foreign. A selective group of developing countries are now participating in these projects. And, thirdly, we are promoting the training of business by business. We are embarking on a major expansion of seminars and training activities in the developing world covering a variety of technical aspects of trade. On a yearly basis, ICC now trains about 5,000 executives.

The machinery exists to carry out these activities. ICC has national committees and members in more than 90 countries and access to a large number of active and retired business executives who are keen to advise on development projects but who need to be mobilized.

All our development activities—current and planned—are joint efforts between ICC and its own member organizations in the developing countries. Indeed, the idea for joint projects always emanates from our members there. Our new programme of projects, some in co-operation with Governments and intergovernmental organizations, constitutes a major expansion of our development work. The business contribution to development is and will always be of the greatest importance. And industrial companies and business organizations can and must play a decisive role, independently of the political or economic system they will work in.

ICC holds the view that this Conference is taking place at a time of general acceptance by nations that the world economy has become an interdependent entity whose problems are soluble only within a context of international co-operation. Largely as a consequence of the economic turbulences of the past five years, there is a new awareness that countries' economies are interlocked in a complex web of global relationships such that the health of each part depends on the health of the whole. This awareness has undermined the false notion that the world is neatly divided into two, North and South, rich and poor, a notion which has encouraged much unproductive bloc-thinking in the past. For the reality is that of a very broad spectrum of different countries possessing a wide variety of economic structures and in a wide variety of stages of development. All countries, wherever situated on that spectrum, are an important part of the world economy, and all must be given the opportunity to contribute to the process of international decision-making in the economic arena.

Recognition of global interdependence has engendered among nations a new willingness to tackle problems in a spirit of co-operation and conciliation freed from the sterile rhetoric that has often in the past caused conflict and inhibited economic progress. This has been demonstrated by Governments themselves in a growing number of bilateral investment treaties and economic agreements. The international business community profoundly welcomes this trend. Only a few months ago, ICC held a conference at Bath, in the United Kingdom, where businessmen from 42 countries discussed the problems of shipping—a major item on that Conference's agenda. It has to be admitted that the achievement of one single business viewpoint in this field is extremely difficult. Yet the conference was a considerable success because all the participants—and they were many from the developing world—understood that no solutions would ever be found if a bloc approach, or confrontation, were allowed to dominate the proceedings, and they discussed the issues accordingly. Business believes that greater mutual understanding will bring greater mutual benefits. It therefore applauds the growing disposition of Governments in industrialized and developing countries to give serious consideration, in good faith and without prejudice, to all concrete proposals for furthering the development of the poorer



regions of the world so that they can participate to their advantage in the mainstream of the world economy.

Mr. President, all representatives have rightly congratulated you upon your nomination to the presidency of this important Conference. It is as important for me to congratulate the Conference on its choice and it is a great honour for us to have you with us here. You are the only statesman still active who signed the Charter of the United Nations in San Francisco in 1945 on behalf of your country. A long time has elapsed since then. Your unstinting support for the great objectives of the United Nations has made a major contribution to the betterment of the mankind. On behalf of the business

community, I would like to thank you for this and express my sincere hopes that the fifth session of the Conference will be a memorable success.

I would also like to ask you, Mr. President, to convey to the President of the Philippines and to the First Lady our profound gratitude for their willingness to host this Conference and for the hearty welcome we have received. The whole world is indebted to your hospitality, and to the excellent material organization of this great event, which has provided the indispensable warm and positive environment for our deliberations and will thus promote the goal of a just and realistic economic development towards which we all aspire.

**Statement made at the 168th plenary meeting, on 21 May 1979, by Mr. V. S. Mathur,  
Regional Secretary-General for Asia of the International Confederation of Free Trade Unions**

On behalf of over 60 million workers of the world from nearly 100 countries represented by ICFTU, I have come here to greet this all-important Conference.

The year 1979 could indeed be termed the year of conferences, all of them important in their own way and through all of which runs the common theme of North-South relations. This session of the United Nations Conference on Trade and Development will be followed by the Tokyo Summit, which will be followed by a conference on agrarian reform of FAO and later by the United Nations Conference on Science and Technology for Development.

ICFTU has already presented its views on major issues before this Conference, both in a special statement which has already been circulated and in the Development Charter adopted by my organization last year, which has also been submitted to this Conference for its consideration.

ICFTU has emphatically and unequivocally declared its support for the establishment of the new international economic order and the pursuit of policies designed to create equality both between and within nations. We are strongly of the view that a major objective of the International Development Strategy must be the creation of no fewer than 1 billion new jobs by the year 2000. One of the key demands of the ICFTU Development Charter is for a new world development plan in the form of major transfers of resources in untied ODA. Industrialized donor countries must reach the target of 0.7 per cent of GNP and should increase it to 1 per cent thereafter. We hope that the fifth session of the Conference will reach an agreement on this important issue.

ICFTU closely follows the work of UNCTAD and broadly supports its proposals on the Integrated Programme for Commodities, debt relief, transfer of technology and restrictive business practices. ICFTU welcomes the agreement on the Common Fund but must point out that, for benefits to accrue to the working people, the involvement of their representative organizations and institutions such as trade unions is essential. In regard to monetary and international finan-

cial issues, the ICFTU delegation currently visiting IMF is demanding that an independent commission of senior personalities concerned with economic and social affairs of developing and industrialized countries should undertake within 12 months a thorough review of conditions governing the IMF lending policies. We are of the view that there is a tremendous imbalance in international reserves. This is chiefly because at present the developing countries have an extremely inadequate voice in decision-making for the creation of additional liquidity. The scheme relating to SDRs currently suffers from the disadvantage that they have no link with development. It is high time that some link between SDRs and development finance were established.

Over the past few decades, several multinational corporations have served as vehicles for promoting international trade and transfer of technology. Others have committed social and economic crimes in the locations where they were established. Multinational corporations can have a beneficial effect on the development process in developing countries provided they are subjected to democratic scrutiny and control.

The existing economic system is to a great extent controlled by a few hundred multinational companies. They are responsible for most international investment and have a major influence on the volume and quality of technology imported into any country. The life of people in developing and industrialized countries alike is frequently affected by decisions taken by multinational management based in a foreign country thousands of miles away, to the detriment of democratic decision-making by national Governments, as is recognized by the Charter of Economic Rights and Duties of States of the United Nations. ICFTU has denounced this undermining of national independence and, in conjunction with the international trade secretariats, has striven to build up a countervailing trade union power at the international level. In addition, there is an urgent need for the following: legislation to control multinational activities within particular countries; binding international controls, pending the introduction of which trade unions should seek to ensure that the existing voluntary agreements are popularized and implemented—both the

Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy adopted by the International Labour Office in 1977 and the Guidelines adopted by OECD in 1976; and bilateral and multilateral industrial co-operation agreements between Governments of developing and industrialized countries. Trade union policy towards multinational companies, in respect of both industrial action and legislation at the national and international levels, is set out in the "Multinational Charter" adopted by the Seventh World Congress of ICFTU (Mexico, 1975).

While ICFTU welcomes the social clause of the General Agreement on Tariffs and Trade ensuring respect for the labour standards of ILO, it is strongly opposed to protectionism. It must be remembered that international trade in manufactures is at present very much dominated by developed market-economy countries, which account for as high a share as 82.3 per cent. The balance of trade between developed and developing countries is overwhelmingly in favour of the former. This is evident from the mounting surplus of the developed countries, which rose from \$15.8 billion in 1973 to \$100 billion in 1977. The international trade statistics clearly show that the benefits of the increased volume of trade have in fact been reaped mainly by industrialized countries. Developing countries as a whole supplied 10 per cent of the increase in imports of manufactures to the industrialized countries in 1963-1973 and 13 per cent in 1973-1976. On the other hand, developing countries accounted for 21 per cent of the increase in exports of manufactures from the industrialized countries in 1963-1973 and as much as 37 per cent in 1973-1976. The developing countries taken together have thus been expanding more rapidly as markets for manufactures than as suppliers to industrialized nations. In an official statement issued by IMF it was pointed out that, in 1975, while the industrial nations imported only \$26 billion worth of manufactures from developing countries, those very industrial nations exported \$123 billion worth of manufactures to developing countries.

The job displacement argument which is used in support of protectionism is indeed overplayed. Studies in a number of industrial countries have revealed that displacements due to technological changes and ad-

vancement have affected growth of employment much more than imports from developing countries. According to one study, the United States of America during the period 1963-1971 found that the increase in labour productivity had "about six to nine times the negative impact that the net foreign imports (imports less exports) had in import competing industries between 1963 and 1971", and that "growth in domestic demand had a favourable effect on employment, equal to more than eight times the unfavourable effect on trade". According to another estimate, the cost of retaining jobs through protectionism in the United States is about \$50,000 a year per job saved.

According to a study made in the Federal Republic of Germany on the displacement effect of imports from developing countries, during the period 1962-1975 technological improvements displaced 48 workers in the Federal Republic for every one worker displaced by imports from developing countries. Any complaints about dumping cheap industrial goods from the developing countries are also misconceived, for the reason that only 2 per cent of the consumption of developed countries is accounted for by third world manufactures.

The crucial role of international trade for developing countries and the injury which protectionism causes them are obvious from the results of studies published by a number of United Nations agencies. FAO has estimated that, on the basis of the world trading model for 1980, based on 18 major agricultural commodities, removal of agricultural protection alone would raise the GDP of developing countries by close to 6 per cent. In another study it is pointed out that even partial elimination by developed countries of protection of their agricultural primary commodities against developing countries would provide the latter with \$4 billion per year in additional export earnings. The protectionist measures taken between 1955 and 1970, and the consequential drop in the share of developing countries in total world trade, was statistically equivalent to the loss to these countries of 72 million additional jobs.

In the light of the above it is difficult to understand the statements of some representatives of industrial countries made at this Conference that protectionism is an "overblown issue".

**Statement made at the 168th plenary meeting, on 21 May 1979,  
by Mr. Juan C. Tan, Vice-President for Asia of the World Confederation of Labour**

Unemployment and underemployment still remain the primary problems in development. Fifteen years and two development decades later, it has reached a dimension now encompassing the industrialized countries as well.

Development thinking has had its own pervasive influence. But 15 years and two development decades later it has succeeded only in turning the East-West axis into the North-South divide.

One glaring result of this state of affairs is the present international crisis. This crisis has its roots in the unjust

and inequitable relationship between the developed and the developing countries. On the one hand, the few dominant developed countries control the power and the wealth of the world. On the other, the many developing countries are dominated and their peoples live in abject poverty, misery and weakness.

The unjust and inequitable relationship among nations stems from two opposing economic systems, namely, the market-oriented (capitalist) and the centrally planned (socialist) economies. The very experience of peoples, particularly of workers, living under these

systems proves that the dynamics of these systems have not and will not resolve this relationship and the resultant international crisis.

The growing demands and needs of the third world countries have compelled international bodies to seek new solutions to the international crisis. One such body is the United Nations. This Organization has defined the concepts of and laid down the basis for a new international economic order.

This new international economic order is a deviation from the dominant market-oriented, *laissez-faire* international economy. It upholds a "welfare State" model that affirms the duty of the State to promote the general welfare of peoples through social legislation, economic growth and promotion of employment. It aims to redistribute incomes and social benefits equitably through progressive taxation, land reform and State subsidy of basic goods and services.

However, the centrally planned economies have rejected this model. It has not even gained enough adherence and acceptance from the powerful capitalist States.

Meantime, the international crisis prevails. In fact, it is worsening.

WCL aims at the establishment of a new international economic order that espouses genuine development and justice that results in economic democracy and that allows participative management and control of the means of production, distribution and exchange. More specifically, it aims at an international economic order that guarantees the full and effective participation of all nations and of workers in the formulation, decision and implementation of plans and policies at all levels. Concretely, it aims at an international economic order that develops responsible use of property, eliminates all kinds and forms of dependence and enhances respect for the right of nations and peoples to decide their own destiny, while promoting co-operation between and among them in true solidarity.

WCL is critical of all economic systems that do not allow for the full and effective participation of the workers in the economic processes of nations and of the world, specifically in production, distribution and exchange. The concepts and processes of the new international economic order are deficient in this respect. Thus WCL remains apprehensive of its establishment as it is also pessimistic about its success.

But, while we view the proposed new international economic order thus, we see it too as a positive step away from the evils of systems that are responsible for the present international crisis and a significant leap towards our aims and objectives. It is for these reasons that we now endorse and support the establishment of the new international economic order as adopted by the General Assembly of the United Nations during its sixth special session.

WCL believes that UNCTAD can be an effective international forum for the resolution of the present international crisis. Along with other international bodies and forums, it plays an important role in defining a new international development strategy for the establishment of the new international economic order. WCL

wishes the fifth session of the United Nations Conference on Trade and Development success in all its endeavours in this regard.

Several documents circulated in this Conference already reflect the perceptions of WCL on the issues of trade and development. Particularly, we cite the Arusha Programme for Collective Self-Reliance and Framework for Negotiations as substantially covering the issues that we also wish to put forward in this Conference. We therefore endorse this document as a framework for deliberations and negotiations in this Conference. With some reservations, WCL supports the proposals contained in this document.

WCL asserts that the full and permanent sovereignty of every nation must be guaranteed and respected. It considers that national sovereignty can be maintained only under international structures that are just and equitable. It considers, further, that essential to a just and equitable international structure is the promotion of just and equitable trade relations between and among nations.

WCL therefore supports all measures aimed at dismantling the unjust and inequitable trade structures in international trade. Concretely, it supports all measures aimed at stabilizing the prices of export products of developing countries and improving their market access to developed countries. It also supports complementary measures in marketing, distribution, monetary reform and finance that will help to realize these objectives.

WCL emphasizes that genuine development can be achieved only if each nation is able to give fullest expression to its right to gain effective control of its natural resources, including the export of its products, particularly of its basic raw materials. It deplores the dominance of developed countries, particularly the multinational companies, over world trade in these products. It denounces the efforts of developed countries to establish cartels for the raw materials which are exported by developing countries and which are their primary source of foreign exchange.

WCL therefore encourages the developing countries to take effective measures to ensure the free flow of their raw material exports at prices consistent with their development needs. To this end, it sees the proposals of the Group of 77 aimed at encouraging trade among developing countries on the basis of complementarity as positive steps in strengthening those countries vis-à-vis the developed countries as well as concrete exercises in collective self-reliance.

Further, WCL denounces the protectionist measures adopted by developed countries against the products of developing countries. However, WCL is saddened by the fact that the growing competitive edge of developing countries in the supply and export of these products is primarily based on cheap labour. Equally, then, WCL denounces this situation and calls on the developing countries to institute effective and corrective measures to eradicate it.

WCL also denounces the role played by the multinational companies in trade in these basic commodities. It realizes that these companies' dominance over world

trade, particularly of basic commodities, deprives the developing countries of enough foreign exchange earnings that would otherwise help propel the engines of their development. Thus WCL supports all measures and mechanisms that will eliminate, and henceforth preclude, the dominance of multinational companies in this respect. In particular, it calls for the early conclusion and immediate implementation of the code of conduct for multinational companies. It also encourages the developing countries to adopt restrictive and punitive measures at the national and international levels to redirect the resources of multinational companies towards meeting their development needs.

WCL views the proposed Common Fund as only a partial solution to the problem of commodities. In its current form, and if agreed upon, it will have gained for the developing countries only a psychological and shallow political victory. WCL concurs with the resolution adopted by the Conference at its fourth session, at Nairobi, in 1976, which specifies that, for the Common Fund to serve its purpose, it must be complemented by a policy of supply control balance at the international level and should also cover export quotas, production policies and, possibly, a multilateral long-term commitment on provisions or stocks. In addition, it must contain safeguard provisions to prevent its use or manipulation by multinational companies to subsidize their operations or even to cover some of their risks.

WCL proposes that, apart from the above measures, and subject to agreement on its modalities, the permanent solution to the problem of raw materials lies in their indexation against the prices of products in developed countries; and that, in addition to guaranteeing stable prices for these raw materials, such an indexation can result in their more rational, sober and efficient use by consuming and developed countries.

WCL views industrialization as a path to development. It agrees with all those who advocate that industrialization is a central factor in the development and transformation of the economies of developing countries. It also affirms the right of every nation to choose its own path to development and the type of system it

sees fit for its development. Equally, it affirms that this right of choice is concomitant with the right of peoples to the satisfaction of their basic needs, to an equitable share in the benefits of development, and to respect for their basic human rights.

WCL, as an organization of workers, strongly condemns systems that promote the economic growth of nations at the expense of the basic human rights of their peoples. Thus WCL supports the proposals of the Group of 77 in this regard, albeit with some reservations. The measures put forward by the Group of 77 fail to institute guarantees that the benefits to be derived therefrom will be equitably shared by their peoples. They also fail to guarantee that, in the process of industrialization, the basic human rights of their peoples will be respected. WCL therefore proposes that, together with the set of measures proposed by the Group of 77, measures in this regard be also included.

UNCTAD as an international forum plays an important role in international affairs. It undertakes actions that concern all nations and their peoples. In its area of competence, it influences the directions, plans and programmes of nations. This range of responsibilities is such that it cannot bear the burden alone.

However, its statute allows for the full and effective participation only of Governments as representatives of nations. While we do not deny that Governments are representative of the peoples in their nations, they cannot alone really fully represent the interests of all their peoples.

UNCTAD must open itself up to non-governmental representations and delegations and admit them as full participants and partners, if only to remain consistent with its principle of participative decision-making and implementation. In particular, WCL proposes that workers' organizations from both the industrial and agricultural sectors, having the most stake in the deliberations and decisions of UNCTAD, should be fully and effectively represented at all levels and allowed to participate fully and effectively in all deliberations and negotiations.

**Statement made at the 165th plenary meeting, on 18 May 1979,  
by Mr. Zdeněk Gregor, special representative of the General Secretary of  
the World Federation of Trade Unions**

It is an honour and a pleasure for me to speak before this assembly. On behalf of WFTU, I would like to express our thanks to the Government, people and trade unions of the Philippines for their warm hospitality. I would like also to convey to you, Mr. President, our congratulations on your unanimous election to your high office.

WFTU, which represents more than 190 million workers affiliated to trade unions in countries under socialist or capitalist systems, at various stages of development, was founded and has been developing its activities for the protection of the class interests of workers all over the world, ranging from the

maintenance of peace, further disarmament and the strengthening of the peaceful coexistence of States with different social systems to improvement in the living, working and cultural conditions of workers.

As early as 1966, the World Trade Union Conference for the development of international trade and economic relations in the interests of workers and peoples, organized by WFTU, stressed that social and economic factors were two fundamental aspects of one and the same development process. Moreover, it underlined the need to enable trade unions to participate actively in decisions regarding trade and development. The ninth World Trade Union Congress, held in Prague

in 1978, reaffirmed the commitment of WFTU to work for a radical change in the structure of international economic and trade relations through the mobilization of workers in both urban and rural areas.

The period since the fourth session of the United Nations Conference on Trade and Development has been rich in political and economic events and profound changes in all major spheres of the relations between the different groups of countries. All this has had an impact on the work and results of UNCTAD. During this period, the world has gone through an important stage of its development in respect of international economic and trade relations. These relations are being established in a world in which the imperialist domination of international monopolies from the developed capitalist countries faces a serious decline, due to the effects of the interaction of three major political factors, namely, the rapid and stable economic development of the socialist countries, the existence of a great number of sovereign States liberated from the colonial yoke, and the ever sharpening contradictions within the capitalist world itself.

However, WFTU wishes to point out in this connection that developments since the fourth session of the Conference show that the imperialist forces still maintain their strong positions in world trade and try to maintain the deformed and unbalanced structure of international economic and trade relations. In particular, they hamper the establishment of the mutually advantageous co-operation on an equal footing between countries on all continents which would provide an opportunity for all countries, regardless of their economic and social system or their level of economic development, to benefit from all the advantages offered by the international division of labour and by international trade.

The further aggravation of the crisis of the whole capitalist system is connected with the expanding struggles of the peoples of the third world for their economic and social rights, the extension of the process of decolonization to the economic sphere too, the winning of fairer prices for their natural resources, the favouring of exports of manufactured goods from the developing countries, and the establishment of a legal framework regulating the transfer of technology and the brain drain—struggles which challenge the imperialist grip on the developing countries' economies.

On the other hand, the socialist countries represent today a dynamic and stabilizing factor in international economic relations, particularly in relation to the developing countries. The absence of discrimination against products of the developing countries, the ever greater quantity of manufactured and semi-manufactured goods imported by the socialist countries, the stable prices which the socialist markets guarantee to the developing countries, the supply of capital goods to the developing countries in order to encourage their industrialization, the non-existence of the brain drain—such are some of the reasons for the rapid and sustained increase in trade and economic relations between socialist and developing countries.

WFTU is convinced that the solution of international economic and social problems, the eradication of poverty and unemployment, the achievement of higher liv-

ing standards for all peoples, as well as the liquidation of underdevelopment, are closely linked to the maintenance of world peace and international security, the development of friendly relations between nations and international co-operation in the economic and social fields.

The principle of peaceful coexistence of countries with different economic and social systems has already been established in international relations and can play an active role in developing international economic co-operation and in bringing about the necessary economic and social changes in the systems inherited from the colonial era. However, to achieve these aims, the process of international *détente* must be intensified. Those opposed to such *détente* make every effort to return the world to the cold war conditions in which it would be impossible to resolve the problems of economic development, particularly the problems of the developing countries.

The developing countries will be faced with an increase in their social and economic problems during the decades ahead, particularly with the problem of finding jobs for the rapidly growing population. According to the United Nations medium population variant, somewhat more than 40 million jobs must be created each year in the developing countries by the year 2000 to ensure employment for the third world manpower.

In our opinion, the optimal and desirable solution of this problem requires such a large amount of financial resources that they may be oriented in one way alone: through the limitation of arms expenditure, with, as the final objective, disarmament. In this connection, the trade unions remind all States of their duty in accordance with the Charter of Economic Rights and Duties of States: to promote general and complete disarmament and utilize the resources thus released for economic and social development, and more particularly for increased assistance to the developing countries.

Emphasis was also placed on this subject by the special session of the General Assembly on disarmament, which explicitly recognized that terminating the arms race and achieving real disarmament was a matter of urgent priority if lasting peace and real international co-operation were to be established. This question is of the most vital importance for workers and their trade union organizations all over the world, because it is closely connected with their efforts to promote practical economic and social development and to improve the standard of living of all peoples.

Therefore the international community, including the developing countries, should unite its efforts towards the achievement of these goals in order to ensure prosperity for working people and for the international community as a whole.

WFTU is convinced that, in the concrete formulation of programmes for the restructuring of international economic relations, the fifth session of the Conference should take into account in particular the decisions of the sixth and seventh special sessions of the General Assembly, the Charter of Economic Rights and Duties of States, the Lima Declaration, the decisions of the

special session of the General Assembly on disarmament, as well as the very important Arusha Declaration.

In our opinion, the fifth session of the Conference should make a detailed statement in favour of the establishment of a new international economic order which would radically change the international capitalist division of labour in international trade, technology, industrialization and international financial and monetary relations, thus establishing international economic co-operation in which all countries of the different social and economic systems and at various stages of development would participate on an equal footing, in the interests of all workers.

Sustained economic and social development and full employment and social progress require democratic short-term, medium-term and long-term economic and social planning, as well as the development of interna-

tional trade on such bases as would favour economic and social progress in the interest of workers and peoples. Governments should recognize that trade union and rural workers' organizations are essential elements for the pursuit of successful development strategies. Governments should seek to involve trade unions in the economic and industrial decision-making process, for it is only through the active participation of the working people that the development objectives can be adequately realized.

This Conference has an important role to play in focusing appropriate attention on the solution of the serious problems of the world today. If the deliberations of this Conference and its conclusions contribute to their solution, then it will be possible to qualify this Conference as a successful one, constituting a significant step towards the promotion of economic and social progress in favour of all working people.

**Statement made at the 165th plenary meeting, on 18 May 1979,  
by Mrs. Jeanne Martin Cissé, World Peace Council**

On behalf of the World Peace Council and its delegation, which I have the honour to lead, I should like to begin by congratulating you, Mr. President, on your election to your important office for this fifth session of the United Nations Conference on Trade and Development, which is of considerable significance for the countries represented here and in particular for the developing countries. I should also like to take this opportunity to pay a special tribute to President Marcos, to the First Lady of the country, Mrs. Marcos, and to the people and Government of the Philippines for the working facilities they have placed at our disposal, and for their warm welcome.

In preparation for this fifth session, the World Peace Council has drawn up a working paper, the complete text of which will be circulated to you and which I hope will receive your sympathetic attention. This document reflects the views expressed by national organizations affiliated to the World Peace Council in more than 130 countries and regions of the world during the work of the World Conference on Development, at the following meetings in particular: the World Conference on development at Budapest in 1976, the World Conference on development and international co-operation at Tripoli in 1978, and the International Seminar on problems of socio-economic change in the developing countries at Aden in 1978. Before commenting on the issue which commands our special attention, I should like to express our satisfaction with the co-operation between the UNCTAD secretariat and the World Peace Council, as reflected in the participation of UNCTAD in the various meetings I have just mentioned. The Secretary-General of UNCTAD, Mr. Gamani Corea, may be sure that we are duly grateful. It goes without saying that, for the World Peace Council, development and peace are inseparable. The process of establishing a new international economic order is attracting increasing attention both within and outside the United Na-

tions. The objective of restructuring the international economic, trade and monetary systems is to be the elimination of the injustice and iniquitous practices inherited from colonialism and the initiation of more constructive international co-operation.

The Declaration and the Programme of Action on the Establishment of a New International Economic Order adopted by the United Nations General Assembly were given an enthusiastic welcome by all the peoples of the world. But in practice, notwithstanding public statements, they have been treated with suspicion. Experience of agreements between developing countries and industrialized countries shows that the developing countries cannot be contented with a new international economic order, although they will not turn their backs on economic negotiations within the United Nations.

They must take urgent action to introduce the domestic economic measures needed to bring about radical socio-economic changes in various branches of their national economies—industry, agriculture, foreign and domestic trade, transport and education—as well as to build a modern, scientific infrastructure. Faced with threats to their sovereignty over their raw materials and natural resources, they need to adopt various measures, including nationalization, to ensure effective control over the activities of foreign monopolies and foreign capital. Both individually and collectively, they must pave the way for a policy of confidence, which must depend in the first instance on the mobilization of their domestic resources. Political institutions of a democratic character, reform of the social system and progressive national economic policies are of major importance in working to this end. More than ever, the developing countries have today the opportunity to promote multinational co-operation among themselves. While the vast disparities in income observed internationally are largely derived, directly or indirectly, from the ever more pronounced inequalities and imbalances



of the international economy and result in the economic dependence of the developing countries, and at the same time in the systematic wastage of resources to the detriment of development, it is perfectly obvious that a mere redistribution of income between poor and rich countries would hardly resolve the problem. Apart from the immediate measures imperative to provide the developing countries with additional effective aid, ways must be found to eliminate the destabilizing imbalances and inequitable relations within the world capitalist economy, which tend not merely to perpetuate but to accentuate the disparity of incomes.

The developing countries' economic dependence makes them subordinate and vulnerable to dominant outside forces. This dependence may take many forms, but one of the most dangerous is the foreign ownership or control of important sectors of the economy, which undermines national sovereignty by establishing international production structures which weigh on local decisions and their application. Another form, more extreme in its effect and of wider scope, is structural dependence, which has many of the same characteristics and likewise explains dependence on the outside world in trade, finance and technology.

It is no accident that the Declaration on the Establishment of a New International Economic Order and the Charter of Economic Rights and Duties of States have laid special emphasis on the principles of the sovereign equality and independence of all States and the full permanent sovereignty of every State over its natural resources and all its economic activities, including the right to nationalize and to exercise effective control, and on the need to correct inequalities and restore equilibrium in international economic relations. Although it is understandable that UNCTAD should give special attention to trade and financial matters in the perspective of development, it is unlikely that the Conference, at its fifth session, will be able to make any great strides towards the new international economic order unless it also focuses on the practical implications of the principles proclaimed and the need for structural change. Without overlooking the extreme importance of full national sovereignty over the economy as a prerequisite for the elaboration and application of appropriate national development strategies, and for the establishment of mutual relations founded on equality of sovereignty between nations, we venture to suggest that a study should be made of the concept of an international system of economic security to protect States implementing their sovereign rights from any reprisals; this system might be based on multilateral agreements under which every State would undertake not only to refrain from interfering in the economic affairs of other countries but also to assume full responsibility for the foreign activities of its enterprises and its nationals.

Another important question also calling for special attention in this context is the international activities of transnational corporations, a problem which is far more than a mere financial issue. Regulation and effective supervision of the activities of these corporations, which can be achieved only through collective action by the States concerned, would certainly serve the interests of the developing countries, but it would also be a way of

resolving and avoiding world economic crisis. One of the questions missing from the agenda for this session, and by no means the least, is that of the regulation and supervision of the activities of transnational corporations, which are directly relevant to the basic problems of international development, co-operation and economic security. Greater attention to strategic issues such as economic decolonization and structural changes in the international division of labour, together with a clearer distinction between short-term and long-term measures, might enable UNCTAD negotiations to focus more directly on the objective of the new international economic order and perhaps, in some areas, would facilitate them somewhat. We much regret that no place has been found for the question of disarmament in the agenda for this session.

The objective of restructuring the international division of labour with a view to greater equality and stability calls for a fully integrated approach to the various important issues which have been somewhat fragmented and isolated from each other in the negotiations and in the Programme of Action (doubtless for practical reasons). In the first instance, the questions of raw materials and manufactures could and should be more directly related to efforts to elaborate and implement model programmes of international co-operation in which countries that import raw materials provide direct assistance to producer countries, so helping them to develop their industry on the basis of local raw materials; in this way, each would gradually, in accordance with jointly established arrangements, transform the pattern of its trade, achieving greater structural equality and balance and progressing towards an inter-industrial and intra-industrial division of labour.

One of the key decisions taken by the Conference at its fourth session, in Nairobi, refers to trade in commodities, namely, the decision to set up an Integrated Programme for Commodities, which reflects acknowledgement of the need for a comprehensive approach to these problems. The Programme was conceived as a global plan of action to improve market structures for international trade in commodities of particular importance for the developing countries. It was planned that the arrangements for the Integrated Programme should include the establishment of a Common Fund, which as a major financial resource would play a primary role in bringing about changes and progress towards stabilization and improvement of the markets for products from developing countries. So far, however, the implementation of the Programme has not given great satisfaction, despite certain recently concluded agreements.

The question of international scientific and technical co-operation is of fundamental importance not only for the movement of private capital, foreign investments and co-operation in outside markets, but also for resolving the developing countries' problems of foreign trade, industrialization and financing, and for the general development of the world economy, the relations between East and West and the prospects for peaceful co-operation between countries having different economic and social systems, and in consequence the problems of war and peace too. The importance of this issue fully

justifies the request for the convening of a world conference on scientific and technological development.

We are convinced that the anomalies, unfavourable conditions and harmful effects which have been observed in the past in international trade, technology and co-operation offer no justification for isolationist policies, the breaking off of international scientific and technical co-operation or a general condemnation of the application of modern technology in the developing countries, but rather point to the need to provide all countries with access to the common riches of human knowledge, to prevent the improper use of science and technology for military purposes and to insist on forms and conditions of co-operation which exclude technological monopoly, dependence and the transfer of inappropriate technology, and the misapplication of technology transferred.

We should like to emphasize the urgent need for measures to eliminate the adverse consequences of the brain drain in the course of technology exchanges, including the compensatory financing of the installation of particular facilities on a bilateral or multilateral basis to the disadvantage of developing countries which have no qualified senior personnel. The fundamental principle laid down in the Declaration on the Establishment of a New International Economic Order on the right to full compensation for the exploitation and depletion of natural resources should be fully implemented in this respect.

It is probably necessary also to bear in mind in this connection that the readiness of the developed countries taking part in long-term co-operation programmes to help the developing countries to set up their own research and development facilities in order to halt the brain drain varies a great deal from one to another, and that there are also wide differences depending on whether or not technological co-operation is to be paid for in freely convertible currency.

Some nine years have passed since the International Development Strategy for the Second United Nations Development Decade entered into force. During this decade, some victories have been recorded by the developing countries and we have seen some construc-

tive initiatives. The Declaration on the Establishment of a New International Economic Order and subsequent decisions and actions by the United Nations and its specialized agencies, the non-aligned countries, the Group of 77 and other intergovernmental organizations have built up a movement steadily gathering momentum towards the achievement of the objectives of the Strategy and the fulfilment of the intention to correct existing inequalities and put right existing injustices.

In this context, an intergovernmental trend favouring economic and technical co-operation based on mutual understanding and advantage, respect for sovereignty, national independence and non-interference in internal affairs has won widespread acceptance, to the detriment of outdated colonial practices. The World Peace Council takes the view that, at the present juncture of world history, an urgent and extraordinary task faces mankind, Governments and international institutions and public opinion: the arms race must be stopped, and effective, global measures taken for disarmament. To curb the arms race, more than ever since the arrival of a new generation of nuclear weapons, is not merely and in the first place a question of survival and psychological adaptation. Still worse, the arms race and the steady increase in military budgets result in the distortion of economic structures.

Beyond all doubt, if we could curb the arms race and achieve disarmament, this would create an international climate favourable to peace, development, peaceful co-existence and the establishment of the new international economic order.

Military *détente* is complementary to political *détente*. Together they could help to secure the implementation of the decisions of the Helsinki Final Act, including the decisions concerning economic co-operation, and finally bring about some real progress in the policy of peaceful co-existence.

Although this Manila Conference is being held at a time of disappointment, the World Peace Council hopes that a breakthrough will be made and that a unanimous general conclusion conducive to international economic co-operation will be reached.

**Statement made at the 166th plenary meeting, on 18 May 1979,  
by Mr. Mario Franzini, President of the Latin American Shipowners' Association**

We should like first of all to thank you, Mr. President, on behalf of the Latin American Shipowners' Association, for allowing us to speak before such an eminent gathering and to express our views on an international legal document of such importance, one that will in future govern the conduct of all regular shipping lines belonging to liner conferences.

The Latin American Shipowners' Association has carefully studied the Code of Conduct for Liner Conferences and closely followed subsequent events connected with its future entry into force. As a matter of fact, this topic deservedly received special attention at the thirteenth and fourteenth General Assemblies, held

in 1976 and 1977 respectively, at which resolutions and agreements reflecting the standpoint of Latin American shipowners were approved and then referred to the government authorities of all the countries members of LAFTA for their consideration.

As all those here present know, the Convention on a Code of Conduct for Liner Conferences was adopted by the United Nations Conference of Plenipotentiaries on a Code of Conduct for Liner Conferences in April 1974. Although a large number of countries signed the Final Act, today, five years later, it has still not been possible to bring the Convention into force because few countries with enough fleet tonnage have completed the pro-

cess of final signature, ratification or accession. This suggests that the final version of the text has not been acceptable to the majority of shipping countries and that it should be revised with a view to securing a general consensus.

There is no doubt, and we are indeed convinced, that the entry into force of a code of conduct for liner conferences will be a great step forward in international co-operation in transport operations and a positive affirmation of the right of the merchant fleets of the developing countries to carry a substantial percentage of the cargo generated by their foreign trade. The Latin American countries have already consolidated their position in maritime trade by means of their State-owned and privately owned merchant fleets, something that has meant enormous economic sacrifices for them. These merchant fleets, which are adequate and efficient, are essential tools for the stable and sound development of the foreign trade of our countries and a factor which, at all times and in all circumstances, ensures the normal flow of their imports and exports.

Experience has shown that, so long as present practices prevail on the high seas, the only way for developing countries to protect and maintain this vital means of communication is a clear and definite cargo reservation. For this reason we are strongly in favour of international legislation whereby national merchant fleets would have a priority right to participate in a substantial percentage of the total volume of trade generated between two countries. The international legislation we advocate is the Code of Conduct for Liner Conferences.

While it is true that, in its present form, this Code represents a major step forward in international co-operation in shipping, it is also true that its benefits will be reduced by the implications, for the normal development of shipping lines, of its rules regarding the establishment of tariffs, the effectiveness of such tariffs, undue interference by shippers in decisions falling within the purview of the conferences or the government authorities, and the cumbersome machinery set up for the settlement of disputes. We feel bound to point out that we accept the importance of intervention by government authorities in determining freight rates, surcharges and the other terms and conditions of maritime trade, since they will undoubtedly take account of the interests of both shipowners and shippers. We also believe in the need for constant contact with shippers' organizations, so as to improve services, meet their cargo space requirements, promote specific commodities, establish special freight rates, etc., but we regard the interference by shippers in the economic management of the shipping companies as excessive—a situation that does not obtain when the position is reversed.

If the argument that the present Code of Conduct would be justified because the liner conferences have ex-

cessive powers and liberty in determining shipping conditions (a view we do not share and one which today bears no relationship to reality) were accepted as valid, the Code would lead to quite the opposite situation: the liner conferences would be weakened and maritime trade would be bogged down by regulations that were far too particularized and by the excessive powers of intervention given to shippers' committees, and even individual shippers.

If we add to this the cumbersome machinery worked out for settling any disputes by conciliation and mandatory international arbitration—and it is not possible at this stage to measure the cost and the time involved—it will be appreciated that the entry into force of the Code of Conduct for Liner Conferences, as originally drafted, is not the ideal way to regulate their activities or, consequently, the operations that are involved in an important aspect of international shipping. So far as improving the competitive aspect and the efficiency of shipping are concerned, the present trend is towards simplification, an example being unitized loads and multimodal transport, and streamlining, by cutting down administrative operations and paper work at both national and international levels. The introduction of the Code of Conduct in its present form would, among other problems, expose shipping to an administrative bureaucracy and to countless formalities and bodies that are completely at odds with the concepts of simplification and streamlining.

More specifically, we believe that the Convention on a Code of Conduct for Liner Conferences will be a major step forward in shipping and a positive support in bringing about the growth and modernization of the merchant fleets of the developing countries, as well as a more orderly international shipping system. However, we are convinced that the present text of the document approved within the framework of the United Nations in April 1974 must be revised and amended to make it wholly acceptable to the majority of countries with merchant fleets, whether developed or developing.

For these reasons, and prompted by the spirit of co-operation that our Association has always displayed in resolving problems connected with international shipping, we unreservedly support any initiative to give effect to the procedure for convening the Review Conference referred to in paragraph 4 of article 52 of the Code of Conduct, for the purpose of re-examining the text and adopting such amendments as may be relevant and including, in the cargo reservation for national flags, bulk cargo, which is a very important part of our export trade.

I have purposely left it to the end to express in the warmest terms our gratitude to President Marcos and Mrs. Marcos and to all the people of the Philippines for the kindness and cordiality they have at all times shown to us throughout our stay in this beautiful city of Manila.

**Statement made at the 168th plenary meeting, on 21 May 1979,  
by Mr. Sidney Molifi, African National Congress**

Mr. President, allow me to express, through you, my thanks to the United Nations for having invited us to take part in this fifth session of the United Nations Conference on Trade and Development. My thanks also go to President Marcos and to the Government and people of the Philippines for having hosted this Conference and for the warm hospitality accorded during this Conference.

Apart from being seized with the problem of helping the developing countries overcome their development problems, the United Nations is also seized with the serious problem of overcoming the inhuman system of colonialism, especially in South Africa, where this phenomenon has assumed, as the world body is aware, the abominable form of *apartheid*.

In spite of repeated calls and action by the international community, the *apartheid* regime has become even more barbarous in its repressive policies against the masses of the oppressed black majority.

As we are now gathered here, South Africa has become a vast prison and concentration camp for the black masses, especially Africans who, in terms of racial fragmentation of the country in the shape of a pyramid, occupy the lowest rung among the dispossessed rightless blacks.

Countless opponents of the racist regime are being thrown into prisons or interrogation cells, where over 50 political detainees have died since the banning of the African National Congress in 1960 and the institution of the General Law Amendment Act and its complement, the Suppression of Terrorism Act.

Things became particularly serious in the 1970s when, as a result of increased oppression and brutality, the anger of the oppressed masses could no longer be contained. Apart from the increased resistance of the people, there is a widespread protest movement by the youth against the colonial regime.

The world is aware of the massacre of hundreds of school children who were protesting against the Bantu education law designed to perpetuate white supremacy in the face of massive opposition by the popular masses of the oppressed.

In the face of growing world protests and denunciation of its evil policies, the Pretoria regime is continuing with its programme of total racial segregation. This has wrought a lot of misery on the people, such as wholesale removals under the Group Areas Act and other related repressive legislation.

This has become particularly so with the rising political and military activities of the people's liberation movement led by the African National Congress.

South Africa has today become the scene of a spate of political trials and massive arrests. The charge against all the accused, after lengthy periods of detention and interrogation, is either of plotting to overthrow the regime or of undergoing military training for the purpose of destroying it.

The policies of *apartheid*, as has been recognized by the United Nations, constitute a serious threat to the security of the peoples of Africa and, indeed, the whole world. This has now become a reality with the increased aggression against the front-line States of Zambia, Angola, Mozambique, Botswana and the United Republic of Tanzania.

With the help and consistent support of the Western imperialist Powers—among them the United States of America, the Federal Republic of Germany, France, Japan, Israel and others—South Africa has dismissed with scorn calls by the United Nations and the international community to end its criminal policies of *apartheid*. Through the support of the United States, the United Kingdom, the Federal Republic of Germany, France and others, it is able to produce not only sophisticated weapons but also nuclear weapons.

These Powers, through this support to South Africa, have succeeded in frustrating United Nations decisions against the Smith racist regime in Salisbury. The Bingham report on oil sanctions violation by British Petroleum, Shell and other Western oil consortia, is an example of this.

The increased military build-up, oppression of the people, whipping up of war hysteria and war preparations by the racist regime have convinced our nation and the African National Congress that only the overthrow of the regime can bring an end to the crimes of *apartheid* and build up a democratic, non-racial State in South Africa.

We commend UNCTAD and other agencies of the United Nations in their role of a platform through which the ideals of the United Nations Charter could be attained.

Our thanks go particularly to OAU, the third world countries, the community of socialist States, the World Anti-Apartheid Movement and all progressive, anti-colonialist and anti-imperialist forces.

**Statement made at the 168th plenary meeting, on 21 May 1979,  
by Mr. Isaac Lentswi Nyathi, on behalf of the Patriotic Front**

It is a great honour and privilege for me to have this opportunity of addressing this important and historic fifth session of the United Nations Conference on Trade and Development. On behalf of the oppressed and exploited people of Zimbabwe and of their vanguard movement, the Patriotic Front of Zimbabwe, I would like to thank the Government and people of the Republic of the Philippines for the warm welcome and hospitality accorded the Patriotic Front delegation since we arrived here in Manila. Our delegation sincerely hopes that the excellent conference arrangements here will go a long way towards creating the harmonious climate necessary for the success of these negotiations.

Although Zimbabwe is still a United Kingdom colony, our participation in the deliberations of this Conference is evidence of a changing situation in the world today. The collapse of the colonial empires of imperialism after the defeat of facism during the Second World War, and the attainment of political independence by most of the former colonies, marked a turning-point in the destiny of mankind. Furthermore, the adoption by the United Nations General Assembly, at a special session, of a resolution sponsored by non-aligned developing countries on the new international economic order, marked a new era in the struggle of developing countries for restructuring the old-fashioned economic relations, for economic independence and self-reliance.

The economic struggle of the developing countries is therefore a continuation of their political struggle against centuries of colonial domination, exploitation and backwardness. This common struggle forms the major link between the developing countries and the countries still under colonial domination and exploitation. The difference is only in form and not in content.

The people of Zimbabwe, Namibia, South Africa and Palestine are today locked in a bitter struggle against the forces of colonialism, racism, *apartheid* and Zionism, for self-determination, independence and freedom. These wars were forced on our people because of the intransigence of the colonial regimes. For many years our people tried in vain to use peaceful "legal" institutions to attain their objectives. Faced with a deteriorating situation, the people of Zimbabwe had no option but to resort to armed revolutionary struggle, the only method left for us to gain our nationhood, freedom and dignity.

As the war spreads to all corners of the country and continues to intensify, the Smith regime has begun to adopt a number of desperate measures. Ninety-five per cent of the country is now under martial law. The army is free to kill and plunder with immunity; it has power to arrest, prosecute under martial law and carry out sentences ranging from public whippings to death by firing squad. There is a reign of terror in the martial law areas. As a result of the brutality of Smith's terrorist forces, large numbers of African peasants in the countryside have had to leave their homes and flee to the neighbouring independent African States of Botswana,

Mozambique and Zambia. Today, the refugee population in neighbouring countries has risen to over 160,000 and is increasing daily.

Faced with an ever escalating war inside the country, the Smith regime has now embarked upon a programme of recruiting large numbers of mercenaries. There are now over 13,000 mercenaries in Smith's army. These are recruited principally from the Western countries, mainly the United States of America, the United Kingdom, the Federal Republic of Germany, Portugal and Israel. All the mercenaries can do at this stage is to perform a holding operation in the war. Nothing can stop the war now. Despite all these forces, it is only a question of time before the patriotic forces win an outright victory over the terrorist forces of oppression.

In March 1978, on the advice of the *apartheid* regime in South Africa, the Smith regime handpicked clergy and chiefs and together signed an agreement to join the racist Rhodesia Front Party of Smith. This alliance of clergymen, chiefs and racists is financed and nurtured by international reactionary racist and Zionist regimes and organizations.

The combined forces of the racist regime and the internal African reactionary elements of churchmen and chiefs recently embarked upon their last desperate attempt to hoodwink the world by holding what they called "elections".

Who can conduct "fair and democratic elections" under martial law? Who can conduct "fair and democratic elections" where there are no registered voters, no constituencies and no political campaigning by the parties concerned? The constitution under which these "elections" were held is racist in that there are two voter rolls based on race. In a Parliament of 100 seats, white settlers, who make up only 5 per cent of the population, were allocated and allowed to elect 28 per cent of the Members of Parliament. African voters elected the other 72 members. The settler voters had two votes. The irony of the whole process came when the results were announced from the eight provinces. Just a few examples: Mashonaland North—108 per cent voted; Mashonaland East—105 per cent voted; Mashonaland West—101 per cent voted.

After the elections, one of the parties to the elections the Rev. Sithole, called for an independent inquiry because there were what he termed "gross irregularities", and because many voters had been forced to vote "at gun point".

Even some independent observers at the elections admit that the elections were a "sham" and "faked". The overall results of these so-called elections have brought no substantive changes in the administration or for the ordinary workers and peasants of Zimbabwe. The only cosmetic changes are that a "white" premier has been replaced by a "black" one. The army, police, judiciary and the whole civil service remain in the hands of the

settlers. The transnational corporations remain in control of the economy.

This, therefore, makes a mockery of the Smith regime's call for recognition and for the lifting of sanctions.

External factors have no power to change the internal military situation in Zimbabwe today. Whether the new United Kingdom Conservative Government and the United States or any other Government in the world recognizes this set-up in Zimbabwe or not, nothing can change the military situation created by the Patriotic Front.

It is in recognition of this fact that the Smith-Muzorewa regime has of late resorted to unprovoked raids into the independent African States of Angola, Botswana, Mozambique and Zambia. These invasions have not been aimed at refugee camps only but also at the innocent civilian population and economic targets in these countries. The aim of these bandit raids is part of the regime's strategy of intimidating the "front-line" States that support the struggle of the people of Zimbabwe for freedom, national independence and dignity.

It is clear to the Patriotic Front of Zimbabwe that these barbarous acts of aggression against "front-line" States would never have taken place without criminal encouragement by the imperialist countries. South Africa is now capable of manufacturing a range of medium-size weapons because of the transfer of such technology by the imperialist States. Encouraged by such support, the racist-military complex in South Africa is preparing testing grounds for the acquired weapons in Namibia, Zimbabwe and the "front-line" States. The Smith-Muzorewa regime now clearly spends \$2 million on the war, and half of this is financed by South Africa and a quarter by right-wing elements in the United States and the United Kingdom. It is through such "defence bonds" that the regime is able to purchase arms abroad.

The Smith-Muzorewa army now uses Eland armoured troop carriers, made in South Africa under French licence, Mirage bombers and Alouette helicopters—all of French origin; British Canberra bombers, Bell 205 helicopters made in Italy under United States licence, 150 mm rockets made in South Africa under Federal Republic of Germany licence, and

the regime's standard rifle, the FN 130, made in Belgium.

It is clear, therefore, that while these NATO Powers make empty condemnations of *apartheid* and racism, they in fact continue to co-operate by trading with these regimes. The total British investment in the *apartheid* economy is over \$7 billion; United States direct investment tops \$2 billion. Companies in the Federal Republic of Germany and France are actively supporting these racist regimes. The assistance provided by Western countries in building the South African nuclear and military industries is a direct threat to independent Africa and to world peace and security.

The Western countries provide minimum amounts of development aid to developing countries, while they increase their assistance to reactionary, racist and dictatorial regimes.

At their recent summit conference, the leaders of the front-line States reaffirmed their unswerving support for the struggle for the peoples of southern Africa against the racist and reactionary African elements, despite the continuing barbarous acts of aggression against their territories by these regimes. The peoples of Namibia, Zimbabwe and South Africa owe the African States and progressive mankind a victory over these forces of darkness.

I must hasten to thank the socialist countries for their all-round support and solidarity with the struggling peoples of southern Africa. To this long list of support from the international community, mention must be made of the Scandinavian countries, especially Sweden, for the assistance to the victims of racist aggression in refugee camps.

I further thank all United Nations specialized agencies for the assistance they have rendered to the Zimbabwe refugees in Botswana, Mozambique and Zambia.

We hope that all this invaluable support will continue until Zimbabwe is free.

In conclusion, I wish the fifth session of the Conference success in the difficult negotiations ahead, and express the hope that, when the sixth session meets, Zimbabwe will have vacated its observer seat and taken its rightful place as a full member of UNCTAD and of the United Nations family.

**Statement made at the 168th plenary meeting, on 21 May 1979,  
by Mr. Walid Z. Kamhawi, President of the Palestine National Fund and member of  
the Executive Committee of the Palestine Liberation Organization**

On behalf of the Palestine Liberation Organization, the representative of the Palestinian people, I have the honour to address this important Conference. First of all, I would like to express my delegation's gratitude and appreciation to the President, Government and people of the Republic of the Philippines for hosting the current session of the United Nations Conference on Trade and Development in their enchanting capital city, thereby giving us an opportunity to enjoy the hospitality and kindness of the Philippine people. Please also allow

me, Mr. President, to congratulate you personally on your election to the presidency of this Conference and on the incomparable manner in which you have been directing our meetings and our work.

We have come here to participate in the fifth session of the Conference, fully aware of its importance as a decisive stage in the endeavours that the international community is making to establish the new international economic order. We are extremely hopeful that this ses-



sion will produce more tangible results than those so far achieved in the steady but slow process of international negotiations on economic issues.

In our view, marginal changes will not constitute satisfactory solutions for the achievement of sound, world-wide economic expansion and for accelerated growth in the developing countries. We must therefore agree on the need for fundamental structural changes in international trade and also in the international financial and monetary system. These changes must be made with the clearly defined objective of steering the world economy towards the solution of the principal international economic problem facing us at the present time, namely, the development of the developing countries.

In this connection, we agree with all those who have emphasized the importance of a review of the commodity marketing system. We attach great value to the recent progress that has been made towards the establishment of the Common Fund, which must be compatible with the letter and the spirit of the new international economic order so that it can guarantee stable and equitable prices for the commodity exports of the developing countries. At the same time, efforts should be directed towards the formulation of commodity agreements and towards other aspects of the commodity trade such as transport, marketing and distribution.

Much has been said about protectionism and, in general, about access by manufactures from developing countries to the markets of developed countries. If it is our serious intention to industrialize the developing countries, markets must be opened, recent protectionist measures must be withdrawn and protectionist action subjected to future controls, and a greater degree of preferential treatment must be accorded to the developing countries.

We believe that this Conference must take a strong stand with regard to money and finance in order to ensure a substantial reform of the international monetary system, with a view to making that system more compatible with the interests of the least developed countries and also more democratic in the full sense of the word. We support the provision of medium-term credit facilities to help the developing countries with their balance of payments. We are also in favour of modifying the conventional terms applied to the granting of credit facilities by IMF which, as you are aware, is under the domination of a small number of developed countries. With regard to long-term financing, we believe that this Conference must secure from the developed countries a commitment to achieve the objective of allocating 0.7 per cent of their GNP as ODA for the developing countries within a specified period. In addition, international financial institutions must be managed in a more democratic manner. The time has definitely come to carry out a comprehensive review, within the framework of UNCTAD, of the international monetary and financing system with a view to modifying that system on the basis of principles designed to safeguard the interests of the developing countries.

With regard to the problem of indebtedness, which we rightly regard as a fundamental issue, we must review past achievements and future objectives, including the reforms needed in the organization of the in-

stitutions themselves, when discussing the question of the indebtedness of developing countries.

The Conference agenda covers a number of other issues of concern to us and to other peoples, such as transfer of technology, control of restrictive business practices, adoption of special measures in favour of the least developed countries, increased participation by developing countries in the shipping of bulk cargoes and closer trade and economic relations between the developing countries and the socialist States. However, I would like to emphasize two points. First, the promotion of economic co-operation among developing countries is a basic element in the new international economic order. International institutions, and UNCTAD in particular, should provide maximum support to that end. In this regard, I would like to indicate the strong encouragement given to financial and economic co-operation among developing countries by Arab and non-Arab States members of OPEC. Nevertheless, much more needs to be done along the same lines. The second point that I would like to emphasize is that this Conference must strongly reaffirm the authority and position of UNCTAD as a basic instrument for the review and monitoring of international economic development. We therefore stress the need to grant UNCTAD adequate resources and sufficient flexibility to enable it to discharge its functions with optimum efficiency.

You will note that the developing countries have defined their common position on the various issues to which I have referred, a position expressed at Arusha and incorporated in the Programme for Collective Self-Reliance and Framework for Negotiations. As a full member of the Group of 77 since the meeting at Manila in 1976, we naturally participated in the Arusha meeting. In our view, the Arusha Programme constitutes a sound basis for restructuring the international economic order in such a way as to make it more equitable and more compatible with the needs and aspirations of the developing countries during the coming years. We sincerely hope that the developed countries will respond favourably to that Programme. We are naturally disappointed to note that the statements made by the representatives of the developed countries at this Conference have been lacking in a spirit of positive co-operation.

The Arusha Declaration contains the following statement: "We, the representatives of the developing countries, members of the Group of 77... emphasize that the Governments and peoples of developing countries shall continue to mobilize their resources in support of their common struggle against colonialism, foreign aggression and occupation, racism, *apartheid* and all forms of foreign domination and exploitation, so as to put an immediate end to these major obstacles to development. They reiterate their unswerving support for the heroic struggles of the peoples of Namibia, Zimbabwe, Azania and Palestine to achieve their liberation and to regain effective control over their natural resources and economic activities. They are determined to exercise full permanent sovereignty over their wealth, natural resources and economic activities and the right to restitution and full compensation for the exploitation

and depletion of and damages to the natural and all other resources of the peoples, countries and territories subjected to those practices.”

The forces of aggression, imperialism and Zionism have forced our people to dedicate their resources and potential to the struggle for the exercise of the right to self-determination and the establishment of their State on their national soil. However, this is not the appropriate forum in which to discuss the political aspect of our struggle. I will therefore confine myself to a brief review of some economic aspects of the brutal and continuing Israeli aggression against our land and people.

The Israeli occupation authorities are resolutely pursuing their policy of gradually annexing the occupied territories and displacing our people, in flagrant and impudent disregard of international conventions and of numerous United Nations resolutions. By the end of 1978, the occupation authorities had forcibly seized about 150,000 hectares of land on the West Bank for the establishment of new settlements. This land constitutes 27 per cent of the total area of the West Bank, on which Israel has so far established 68 settlements. The Israeli settlements are constantly being expanded to the detriment of the Palestinian villages, which are decreasing in number and whose inhabitants are gradually being deprived of their means of livelihood.

It should be noted that direct expropriation of land is not the only means to which the occupation authorities resort in order to drive the Palestinian peasants and farmers from their lands. Those authorities also resort to various measures, means and practices, such as their water policy, which lead to the same result.

Our people are prevented by the occupation authorities from drilling any artesian wells without prior permission from the military governor. They are absolutely forbidden to drill wells in any area bordering on land inhabited or owned by Israelis. Even when permission is granted, the occupation authorities impose strict controls on all Arab drilling operations. In order to enable the Israeli settlements to meet all their water needs from the resources of the West Bank, they also specify the quantities of water that Palestinian farmers are entitled to pump from their wells.

These Israeli actions and practices are calculated to frustrate the Palestinians' desire for agricultural development, since the Palestinians are not even free to exploit the water available to them. Agricultural production is therefore constantly declining and the Palestinians are being forced to abandon their lands. The Palestinian farmer is consequently being transformed from an owner living off the produce of his land into a hired labourer working under inhumane conditions in Israeli factories and farms. In addition to unfair competition from Israeli enterprises, the Palestinian is faced with exorbitant production costs which hardly enable him to cover his expenses and pay his taxes.

In Palestine, as in most countries of the third world, agriculture is regarded as the mainstay of the economy and the principal source of income and employment, and it determines the rate and quality of social and economic development. A thriving agricultural sector guarantees industrial prosperity and continuing growth.

This explains the Israeli determination to undermine economic life in the occupied territories by means of the practices mentioned.

For similar reasons, industry is facing the same situation. For example, there has been a marked decline in the number of persons employed in the industrial sector on the West Bank. Instead of increasing, the number of persons employed in agriculture, industry and construction dropped from 65,400 in 1970 to 54,500 in 1976, while at the same time there was an increase in the number of emigrants and of persons employed in the services sector or in Israeli factories. This is obviously having a highly injurious effect on the economy of the occupied territories, which are thus suffering severe damage.

External trade, which used to play a major role in the economy of our country, has been undergoing a gradual but very serious decline since the beginning of the Israeli occupation. During the period from 1972 to 1976, imported commodities amounted to 54 per cent of GDP, while exports represented only 26 per cent. In 1976, the trade deficit amounted to 986.6 million Israeli pounds on the West Bank and 662.7 million Israeli pounds in the Gaza Strip.

One striking feature of the trade situation in the occupied Palestinian territories is that it is totally dominated by Israel: Israeli exports accounted for 89.2 per cent of imports into the West Bank and 91.3 per cent of imports into the Gaza Strip. These figures indicate Israel's malicious and calculated policy of forcibly linking the economy of the occupied territories to its own economy. The Palestinian territories have thus become the principal protected market for Israeli products and the entire output of those territories is channelled in a manner consistent with the economic interests of the Israeli occupiers. Israeli firms and factories, which are supported by their Government, completely dominate the economies of the West Bank and the Gaza Strip and are able to control the rate of growth of production in those areas. In order to allow them to do this, the occupation authorities arbitrarily promulgate legislation to limit production and exports.

This is only a brief summary of the methods of brutal aggression to which our people are subjected and which illustrate the absurdity of the claims that we hear regarding the so-called peace agreement concluded at Camp David. Far from establishing peace, that ill-omened agreement has only led to the shedding of more Palestinian blood and to more aggressive arrogance on the part of the Israeli invaders.

It is not enough for the participants at this Conference to be generally aware of the economic situation of the Palestinian people under occupation. In our view, UNCTAD has a wider commitment to study and monitor this situation in depth.

We therefore hope that this Conference will adopt a resolution requesting the Secretary-General to undertake, within the framework of the terms of reference of UNCTAD, the studies needed for an assessment of the trade and development situation in the occupied Palestinian territories.

Last Friday, we among many listened with great interest and pleasure to the statement of Mrs. Imelda Marcos, head of the delegation of the Philippines. For our part, we were more deeply moved than others by her words regarding the exploitation of man by man. The reason is simply that we, the Palestinian people, have suffered and are still suffering more than others from the most brutal of exploitations. To combat this exploitation we must struggle for our liberation, which in

the final analysis would free the Israeli exploiters themselves from the dehumanizing effects of their racist, expansionist ideology.

We therefore feel entitled to call upon the delegations at this international gathering to adopt as the motto for the Conference the inspiring words spoken by Mrs. Imelda Marcos: "The liberation of man by man."

**Statement made at the 168th plenary meeting, on 21 May 1979.  
by Mr. Ben Amathila, Secretary for Economic Affairs, South West Africa People's Organization**

It is indeed a great privilege for me to be accorded this opportunity to address you on behalf of the struggling people of Namibia, led by SWAPO. It is our wish that the deliberations conducted here over the last few weeks will end successfully and with a better appreciation of the position and demand of the less developed countries, which are the custodians of the afflicted, the poor and the destitute of the world.

The demand is: assist us to do it ourselves and in our own way. In no time, we will prove we can.

The people of Namibia are aware of the urgency and the nature of your deliberations. We would also like to add to it the urgency and significance of our struggle against colonialism and imperialism perpetuated by South Africa and its Western allies, which have been the plunderers of our riches over the years, riches which in most cases are not a renewable resource. The struggle of the Namibian people against foreign occupation and domination is historical and well-documented.

First, it was the struggle against the Portuguese, then it was against the Germans at the turn of the century.

Now it is against the racist occupation of South Africa, and it has been going on for the last 13 years. It is important to note at this juncture that, nearly two years ago, the five Western Powers that were then members of the Security Council—the United Kingdom, France, Canada, the Federal Republic of Germany and the United States of America—intervened in the Namibian question by introducing the element of finding a negotiated settlement to the problem. We were sceptical about South Africa's seriousness in these negotiations and repeatedly warned the world about South Africa's deviousness.

Last year, in May, while talks by the contact group (the Western five) were at a very delicate stage, South Africa committed aggression against Angola and killed about 900 innocent Namibian men, women and children at Kassinga, inside Angola.

This dastardly act was followed by more systematic acts of aggression against the People's Republic of Angola and Zambia, both in 1978 and in 1979, resulting in the loss of civilian life and property. These acts were aimed at preventing the implementation of the various

resolutions of the Security Council, including resolution 435 (1978), which were to lead to general elections in Namibia under the supervision of the United Nations—resolutions which SWAPO has accepted.

The situation in Namibia for the past three weeks has been very grim and tense. More than 50 SWAPO leaders have been arrested. Half of the country (the northern and central areas) is virtually under martial law, with the military enjoying unprecedented powers to search without warrant, detain indefinitely and shoot first and ask questions later—a blank cheque.

To confirm its true intentions regarding elections in Namibia supervised by the United Nations, the racist South African Government empowered its puppets of the Democratic Turnhalle Alliance in Namibia to transform themselves from a "Constituent Assembly" to a "National Assembly"; this is virtually a unilateral declaration of independence. They can make laws or defer them, but one thing is certain: their laws will not affect our determination to pursue the armed struggle.

The reason I mention this is very simple. Namibia, being a coastal country, can play a very important role in the economic development of the region, especially in facilitating the exports and imports of the land-locked countries in the region.

Namibia is a very rich country in minerals, but they are not renewable. Given the speed of exploitation of these minerals, the struggle for the liberation of Namibia must be supported with renewed vigour before Namibia's mineral resources are depleted.

There is definitely a link between the liberation struggle in Namibia, Zimbabwe and South Africa and the establishment of the new international economic order. A successful conclusion of this struggle will strengthen the prospects for a new economic order. It will strengthen OAU and especially the front-line States, which have been diverting their scarce resources to support our struggle. It will cement our relationship with the socialist countries, which have been carrying the greatest burden in supporting our armed struggle. It will revitalize the bonds of solidarity with the Nordic countries and the Netherlands, which have been supporting our humanitarian programmes, including the nationhood programme.

The successful prosecution of the liberation struggle will mean the freeing of vast resources for reconstruction purposes, including the nationhood programme for Namibia in which UNCTAD is already involved.

Finally, my thanks go to the Government and people of the Philippines for their hospitality and to you, Mr. President, for your wisdom and guidance during these deliberations.

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