

**UNITED NATIONS CONFERENCE
ON TRADE AND DEVELOPMENT**

**REPORT
OF THE TRADE
AND DEVELOPMENT BOARD**

**Volume I
(Twenty-fourth session)**

GENERAL ASSEMBLY

OFFICIAL RECORDS: THIRTY-SEVENTH SESSION

SUPPLEMENT No.15 (A/37/15)



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NOTE

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

Symbols

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

First session of the United Nations Conference on Trade and Development	E/CONF.46/-
Subsequent sessions of the United Nations Conference on Trade and Development	TD/-
Trade and Development Board	TD/B/-
<i>Committee on Commodities</i>	TD/B/C.1/-
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Information series of the Board	TD/B/INF.-
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The three volumes of the Proceedings of the United Nations Conference on Trade and Development, Fifth Session, are as follows: volume I, Reports and Annexes (United Nations publication, Sales No. E.79.II.D.14) containing, inter alia, the Conference's resolutions and decisions; volume II, Statements by Heads of Delegation (Sales No. E.79.II.D.15); volume III, Basic Documents (Sales No. E.79.II.D.16).

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

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

Summary records

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

Annexes

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

Supplements

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

<u>Supplement No.</u>	<u>Twenty-fourth session</u>	<u>Document No.</u>
1	Resolutions and decisions	TD/B/901
2	Report of the Working Party on the Medium-term Plan and the Programme Budget on its fifth session	TD/B/902

Twenty-fifth session

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ABBREVIATIONS

CEA	Council for Mutual Economic Assistance
DAC	Development Assistance Committee (of OECD)
EDC	Economic co-operation among developing countries
ECE	Economic Commission for Europe
EEC	European Economic Community
FAO	Food and Agriculture Organization of the United Nations
GATT	General Agreement on Tariffs and Trade
GDP	Gross domestic product
GNP	Gross national product
GSP	Generalized system of preferences
ICC	International Chamber of Commerce
ILO	International Labour Organisation
IMF	International Monetary Fund
IPC	Integrated Programme for Commodities
MFA	Multifibre Arrangement
MTN	Multilateral trade negotiations
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
SNPA	Substantial New Programme of Action for the 1980s for the Least Developed Countries
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization

PREPATORY NOTE

The eighteenth annual report of the Trade and Development Board 1/ is submitted to the General Assembly in conformity with General Assembly resolution 1995 (XIX) of 30 December 1964. The report 2/ covers the period from 7 November 1981 to [17] September 1982 and consists of the reports on the first, second and third parts of the twenty-fourth regular session, held from 8 to 24 March 1982, from 11 to 18 May 1982, and from 30 to 2 July 1982, 3/ and the twenty-fifth regular session held from 6 to [17] September 1982. 4/

In the period preceding the first part of the twenty-fourth regular session of the Board, the following subsidiary bodies of the Board met; particulars of their sessions are given below:

<u>Title</u>	<u>Session</u>	<u>Dates</u>	<u>Report in document</u>
Intergovernmental Group of Experts on Restrictive Business Practices	First session	2-11 November 1981	TD/B/884
Committee on Commodities	First special session	8-12 February 1982	TD/B/894*
Working Party on the Medium-term Plan and the Programme Budget	Fifth session	1-5 March 1982	TD/B/902

The following subsidiary bodies of the Board are scheduled to meet before the twenty-fifth regular session of the Board:

Intergovernmental Preparatory Group on Conditions for Registration of Ships, first session;

Special Committee on Preferences, eleventh session;

Committee on Shipping, tenth session;

Working Party on the Medium-term Plan and the Programme Budget, sixth session.

Particulars of these sessions will be given in the preface to volume II.

* The report of the Committee on Commodities on its first special session will be submitted to the Board at its twenty-fifth session, in September 1982.

Notes

1/ The 17 previous annual reports of the Trade and Development Board are contained in Supplements to the Official Records of the General Assembly as follows:

<u>Annual report</u>	<u>Period</u>	<u>General Assembly session</u>	<u>Supplement No.</u>	<u>Document No.</u>
1st	1 January 1965-29 October 1965	20	15	A/6023/Rev.1
2nd	31 January 1965-24 September 1966	21	15	A/6315/Rev.1 and Corr.1
3rd	25 September 1966-9 September 1967	22	14	A/6714
4th	10 September 1967-23 September 1968	23	14	A/7214
5th	24 September 1968-23 September 1969	24	16	A/7616 and Corr.2
6th	24 September 1969-13 October 1970	25	15	A/8015/Rev.1 and Corr.1
7th	14 October 1970-21 September 1971	26	15	A/8415/Rev.1
8th	22 September 1971-25 October 1972	27	15	A/8715/Rev.1 and Corr.1
9th	26 October 1972-11 September 1973	28	15	A/9015/Rev.1
10th	12 September 1973-13 September 1974	29	15	A/9615/Rev.1
11th	14 September 1974-2 October 1975	30	15	A/10015/Rev.1
12th	3 October 1975-23 October 1976	31	15	A/31/15, vol. I and Corr.1 and vol. II
13th	24 October 1976-10 September 1977	32	15	A/32/15, vol. I and Corr.1 and vol. II
14th	11 September 1977-17 September 1978	33	15	A/33/15, vol. I and vol. II
15th	18 September 1978-23 November 1979	34	15	A/34/15, vol. I and vol. II
16th	24 November 1979-27 September 1980	35	15	A/35/15, vol. I and vol. II
17th	28 September 1980-6 November 1981	36	15	A/36/15

2/ For technical reasons, the report is issued in two volumes - volume I, containing the reports of the Board on the first, second and third parts of its twenty-fourth session, and volume II, containing the report of the Board on its twenty-fifth session.

3/ Originally issued as TD/B/900, TD/B/908 and TD/B/922, respectively.

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

Part One

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

**Held at the Palais des Nations, Geneva,
from 8 to 24 March 1982**

INTRODUCTION

1. The twenty-fourth session of the Trade and Development Board was opened on 8 March 1982 by the outgoing President, Mr. H. A. Dabbagh (Kuwait).
2. Taking the Chair upon his election as President, Mr. G. O. Martínez (Argentina) observed that one of the Board's main functions was to monitor the decisions of the Conference with a view to taking steps to ensure their proper execution and, thereby, the continuation of the work of the Conference. To that end, the Board must take account of the international situation, which determined the attitude and, on occasions, the political will of Governments. At present, that situation was far from satisfactory or conducive to the achievement of the objectives of the United Nations Conference on Trade and Development in two fundamental fields, namely trade and development.
3. With regard to trade, new problems had recently arisen and the existing difficulties had been exacerbated by negative factors such as the erection by developed countries of increasingly complex barriers to imports from developing countries, the application of measures hindering the regularity and expansion of trade flows and a tendency to regulate branches or sectors of international trade. To that must be added the excessively frequent recourse to bilateral action to settle questions of trade and to the conditional application of the most-favoured-nation clause instead of to multilateral solutions based on the opening up of markets with a view to serving the interests of all. There was no point in deliberating on the origin and nature of those negative factors. They were harmful by definition and, in view of the interdependence of the modern world, merely aggravated the global recession. The effect of all such protectionist measures was to accentuate the trade and balance-of-payments deficits of most of the developing countries, and it was illusory to think that nations that were now prosperous would remain so without economic progress by all States.
4. Despite the critical situation, he viewed the future of international co-operation with optimism, because the only means available to States of resolving the present crisis was to remedy the negative factors, either unilaterally or in concert, by mobilizing all their political will. A further reason for optimism was that all the member States trusted in UNCTAD as an organization for attaining mutually beneficial solutions. In that respect, the Conference's success, since its foundation in 1964, in bringing together points of view and clarifying the nature of problems was a legitimate source of pride.
5. With regard to development, a second vital field of action, there was no denying that progress had been slower than expected or that the existence of a growing gap between the unquestionably legitimate aspirations of the developing countries and the reality confronting those States was jeopardizing the success of the Third United Nations Development Decade. There were, however, a number of positive aspects worthy of mention, especially the substantial progress made in economic and technical co-operation among developing countries; those countries now not only had common designs and targets, but also had undertaken joint action. The stage of programme execution had been reached and the concept of collective self-reliance was giving substance to the South-South relationship.
6. The items on the Board's agenda all derived from the two main issues of trade and development, but one of them, namely the matter of preparations for the sixth

session of the Conference, was of particular importance. Its sessions were the most significant of all events for UNCTAD as an institution, for it was during them that member States expressed directly the political will necessary for the achievement of common targets and, in consequence, that consensus could emerge. The latter process would be facilitated by proper preparation, and the main aspects of the work for the forthcoming sixth session should be fixed, at least in principle, during the Board's current round of meetings. Some very useful steps had already been taken, and the Secretary-General of UNCTAD was to be congratulated in that respect for having instituted a system of flexible and direct consultations with groups and put forward, with regard to the possible or desirable subject-matter of the forthcoming Conference, personal ideas of great value in stimulating reflection by Governments and guiding the decisions they would ultimately have to take. While it was true that other international events had kindled hopes, and then doubts, it was also necessary to be realistic and to resist the temptation to shift responsibilities onto other forums. If every country did what it should in UNCTAD, the Conference could be certain of reaching the targets it had set for itself in its field of competence.

7. At the 571st meeting, on 8 March 1982, the Secretary-General of UNCTAD made an introductory statement in which he reviewed the tasks before the Board at its twenty-fourth session, with particular reference to the agenda for the sixth session of the Conference. 1/ He observed that the two most important substantive issues on the agenda were undoubtedly the sixth session of the Conference and the issue of protectionism and structural adjustment. Together, these issues gave particular significance to the current session of the Board and in many ways would help to determine the character of the activities of UNCTAD in the time ahead.

8. He recalled that he had consistently stressed the overriding importance of the context in which the sixth session of the Conference would be convening. There was a constellation of factors which made it likely that it would be an event not just of importance, but of overriding significance. At no previous session had the world economic setting weighed so heavily on the issues. At the sixth session of UNCTAD it would dominate the approaches, thinking and the conclusions of the Conference.

9. When the first session of UNCTAD had convened, the industrialized countries had been experiencing a phase of rapid expansion in their economies without precedent in the pre-war period. The emphasis for the developing countries had been on augmenting resource flows, primarily through concessional aid, and on gaining preferential access to markets.

10. The current scenario was vastly different. The rapid growth in the industrialized countries had begun to weaken. At the same time, there had been a noticeable slackening of the tempo of growth in world trade. These phenomena underlined a trend likely to continue for some years.

11. Against this background, a number of new factors had emerged which were the cause of concern to the entire international economy: inflation; scarcities of natural resources and changes in price relationships; disturbances in the monetary field extending to instability in exchange rates; rising interest rates; uneven flows of capital; adverse trends in trade, reflected by the growing tendency towards restrictions and protectionism; and the escalating burden of expenditure on armaments which had imposed strains on the international economy and many national economies. All these elements affected all groups of countries, and had

implications for the way in which the sixth session of UNCTAD itself would be fashioned.

12. The developed market-economy countries were currently experiencing a crisis marked not only by inflation but also by rising levels of unemployment and there was concern about the implications of such developments for the social, economic, and even political fabric of those countries. Nor had the socialist countries been immune to the adverse developments on the world scene.

13. For the developing countries, the impact of the current situation had been far-reaching. They were experiencing a veritable "crisis of development". In country after country, the brakes were being applied to development itself, thus vitiating one of the most fundamental aspirations of those countries, which found the fabric of their social, economic and political lives menaced by current trends.

14. He emphasized the dangers inherent in this situation throughout the third world. The slowing down of the tempo of development in third world countries implied not only a failure in their fight against poverty but - just as important - a possible failure in their efforts to provide employment for a work force increasing at particularly rapid rates. It was evident that these trends carried the seeds of instability and tension. He could not reconcile himself to the suggestion that the developing countries should resign themselves to the situation and adjust their economies as best they could to low and inadequate growth rates. Such a prescription would, no doubt, sow the seeds of future difficulties and of problems on a very large scale.

15. The problems affecting the several groups of countries were a manifestation of interdependence in the contemporary world. Yet the reactions of Governments had been defensive and had resulted in the spread of problems across national frontiers. Thus - against the wishes of any Government - this interdependence was taking the world economy on a downward course. What was necessary now was to reverse this trend and to set the international economy on an upward spiral.

16. These defensive reactions had, paradoxically, resulted not in a strengthening of international co-operation, as the situation demanded, but in a weakening of it. The emergence of bilateral and even unilateral approaches was not usually a reflection of any conviction of principle on the part of national Governments in favour of a drift away from multilateralism, but merely a reaction to the realities of the situation. But such a process was negative and, if allowed to continue, it promised only a further worsening of the world crisis.

17. It was those considerations which lent to the sixth session of the Conference both importance and opportunity. If all members stood to gain by corrective approaches, the Conference had within itself the essentials for a constructive outcome. It was in this context that he had suggested an approach which would make the Conference responsive to the needs of the time. A single conference, no matter how important, could not result in detailed conclusions after which it could be said that the crisis had been overcome. But the sixth session of UNCTAD could agree on approaches, understandings and decisions which would contribute to responses which would help stimulate the revival of the international economy and to restore to an adequate level the momentum of development in the developing countries. He thought this should be the broad aim of the Conference and should guide the formulation of the agenda.

18. He had distributed a note on the approaches to the agenda (TD/B/L.614) and felt that it might comprise five broad groups of issues or themes.
19. The initial theme should be the over-all situation which faced the world economy. This should be approached in the light of how to overcome the difficulties in the way of a recovery in the context of stagnation, inflation, instability in exchange rates, declining growth rates in developing countries, and so forth.
20. One of the purposes of the first item of the agenda would be to understand the interrelationships underlying the several developments on the world economic scene.
21. In the light of that over-all issue, the Conference should address itself more specifically to three major aspects of the present crisis which were of concern to all groups of countries, namely, (a) the situation in the area of world trade and the emergence of restrictive tendencies in that area; (b) the growing constraints emerging in respect of resource flows, particularly resource flows to developing countries; and (c) the situation in world commodity trade, where many adverse factors had arisen in the recent period.
22. In line with these three issues, the second item of the agenda would address itself to the promotion of world trade in terms of what needed to be done to bring about its reactivation to adequate levels.
23. The third item would deal with finance and cover the several aspects of resource flows - not only official development assistance but also flows of long-term capital from international institutions, private capital markets, as well as direct private investment, and so forth. Inevitably, developments in the monetary field which had affected trade and development would also need to be looked at in the context of this broad theme.
24. The fourth theme would be that of the promotion of world trade in commodities, where there had been unfavourable developments. Initiatives had already been taken in this area within UNCTAD.
25. A fifth group of issues on the agenda, which he described as special issues, would deal with the processes that had been unfolding in UNCTAD in particular areas which had for long been of importance to the work of the organization and to Governments. Among these would be the least-developed countries - the subject of a Substantial New Programme of Action adopted in Paris only last year; the land-locked and island developing countries; technology, where many important initiatives were under way in UNCTAD; shipping, where much work had been accomplished or was in process; trade between countries with different economic and social systems; and, possibly, the question of economic co-operation among developing countries in the light of how this concept would fit into a global strategy of development.
26. In approaching the subjects on the agenda the aim should be to treat them in a manner that would contribute to the revitalization of the world economy and to the acceleration of the process of development and in a manner which recognized the interactions and the interrelationships between the issues.
27. In addition to a soundly-conceived agenda, one of the prerequisites for a successful conference was documentation. His preference would be for a few

documents, each authentic, of high quality, and contributing to the search for solutions.

28. It was important also to have the documents in good time, and it was his wish to make them available by the end of 1982 so that Governments would have the early months of 1983 in which to study them and to determine their own responses to the issues that had been analysed.

29. A second prerequisite for a successful conference was an exceptionally intensive process of pre-Conference discussion and dialogue and - it was to be hoped - even negotiation among Governments on the themes of the Conference itself. He would like this discussion to be carried on between Governments and the secretariat as well. He therefore had in mind the organization of a series of such informal processes involving delegations in Geneva, people from capitals and members of the secretariat, and discussions between and among the several groups in UNCTAD. This would be unprecedented and could be an extremely valuable interaction.

30. A third prerequisite for success was the need to draft, at a relatively early stage, the text of the results expected from the Conference. He had repeatedly witnessed the difficulties caused at previous sessions of UNCTAD by the late presentation of resolutions. Governments should come prepared to take action on the proposals for decisions, and it would help immensely if these were drafted well ahead of the Conference.

31. As regards the form which the results of the Conference might take, he said that, given the undoubted interrelationship of the issues, it had been asked whether the results might be embodied in a single instrument such as a final act, plan of action or charter. There was also the possibility of separate resolutions or decisions on individual issues. He thought that this was an important issue, although it was not necessary to take a view on it immediately.

32. He believed that it would be important, within the five broad themes he had mentioned, to identify certain specific issues in order to bring about a better focus. Discussions on the draft provisional agenda should include such specific subitems.

33. Turning to the issue of protectionism and structural adjustment, he said that it had come to the Board from the fifth session of UNCTAD at Manila. The work which Sessional Committee II was about to undertake on the subject was of the utmost importance, particularly in the light of the over-all situation facing the world economy.

34. He underlined one major theme that had emerged from the studies prepared by the secretariat, namely, the changes that had been taking place in the world trading system. These changes had been of considerable importance and had altered the character of the system as set up at the conclusion of the Second World War. The secretariat studies had pointed to some of these changes, such as the progressive, though uneven, lowering of tariff barriers and the shift at the same time from these fixed methods of protection to more flexible forms which were the subject of measures falling outside of the disciplines and the rules of the system as it had been established.

35. What was important about these changes was that they were, in many instances, in a direction which was contrary to the basic principles of an open,

non-discriminatory multilateral trading system. It was for this reason that they had to be carefully examined with a view to ensuring that the future world trading system was not further undermined by such adverse changes and that the essentials of a system which was useful to all countries were preserved. The studies had underlined that, for the developing countries, these new developments were of particular concern because the new approaches involved were more contingent on positions of strength and bargaining power in markets than would be the case of an open system operating on fixed and transparent rules and principles.

36. Thus, there were major problems in this area and there were not likely to be easy solutions to them. The Sessional Committee was launching a major process in addressing itself to this issue of protectionism and structural adjustment which would inevitably contribute to the sixth session of the Conference.

37. Other events would be taking place that were related to the themes of both the sixth session of UNCTAD and the Sessional Committee. He referred to the processes under way to launch global negotiations and the decision to convene a Ministerial meeting of the General Agreement on Tariffs and Trade. He reiterated that the world of UNCTAD, whether at the sixth session of the Conference or in the Board, on all the issues that came within the scope of UNCTAD, would be supportive of these processes when they unfolded. He saw a complementary relationship which would encourage UNCTAD to proceed with the consideration of issues within its field in the expectation that there would be a fruitful and constructive interaction between the work of UNCTAD and that of those other processes.

38. As requested by the Board, he had held consultations with the executive heads of the World Bank and the International Monetary Fund on the subject of external debt and had been encouraged by the co-operation which these institutions could set in motion with regard to the handling of this subject, particularly in regard to the exchange of information and analysis.

39. The external debt problem of the developing countries was an important issue in the context of falling commodity prices, restrictions in trade, rising interest rates, and so on. In many instances, continuing pressure on their balance of payments had obliged developing countries to reduce their rates of growth and to seek external financing on an increased scale. Yet, the possibilities of external financing were limited. The tempo of bank credits to the non-oil-producing developing countries was slowing down. Moreover, in the past year, the credits given to developing countries were offset by amortization and interest payments.

40. Medium- and long-term debt of non-oil-producing developing countries was now of the order of some \$384 billion, having increased by almost \$100 billion over the last two years. Today, the medium- and long-term debt, including IMF drawings, of these developing countries represented about 125 per cent of their export earnings. In addition, short-term debt was believed also to have risen sharply in recent months. In the last five years, there had been 20 instances of debt rescheduling exercises, in contrast to 13 such exercises in the previous five years, and in the immediate future he did not see a slackening of this process.

41. In concluding his statement, he expressed the hope that the Board would be able to respond constructively to the report on the subject of economic co-operation among developing countries presented by the outgoing President of the Board and give the most careful consideration to the suggestions he had made.

42. The present report contains an account of the Board's proceedings during the first part of its twenty-fourth session. 2/

CHAPTER I

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

(Agenda item 3)

Interdependence of problems of trade, development finance
and the international monetary system

(Agenda item 4)

43. At the first part of its twenty-third session, the Board had before it the first comprehensive annual report prepared by the UNCTAD secretariat entitled "Trade and Development Report, 1981" (TD/B/863). 3/ At that session, many delegations indicated that they wished to comment in more detail on the report at the twenty-fourth session, since there had been insufficient time to study it in capitals. In addition, in accordance with the intention expressed at the twenty-third session, the Secretary-General of UNCTAD had made available an internal secretariat memorandum that reviewed the discussion and comments made on the report at that session.

44. Also before the Board at its twenty-fourth session, under agenda item 3, was a draft resolution (TD/B/L.360) remitted from previous sessions and, under items 3 and 4, draft decision TD/B/L.606 on access to capital markets by developing countries, submitted at the first part of the twenty-third session. 4/

45. The representative of Belgium noted that his delegation had been unable to comment on the report at the last session because of its late issuance in French. Several of its themes touched on the competence of other multilateral institutions, and the report was similar to the World Development Report published annually by the World Bank. It had, however, the originality of addressing the economic situation of the socialist countries, examining long-term growth possibilities based upon an econometric model and taking up more specific themes, such as maritime transport and raw materials. Certainly, among the concerns of UNCTAD were the requirements of a new international economic order and related questions of structural changes in the world economy. That no doubt explained the report's critical stance and the identification of negative aspects in the functioning of the present system. However, to the extent that certain problems had not been examined in all their scope or complexity, the report took a one-sided approach that risked invalidating the analysis. By way of example, he referred to the examination of the impact on developing countries of anti-inflationary measures in developed countries which, in his view, was too negative. High interest rates undoubtedly posed great problems for debtor developing countries but, in the absence of anti-inflationary measures, there would be other problems, such as higher price increases for manufactured products which developing countries imported. Another example was the discussion of internationalization of production

and trade, where the examination of the role of transnational corporations did not include the beneficial aspects, notably regarding the effects of direct investment and transfer of technology.

46. Regarding the private sector in general, and international money markets in particular, he felt that the stance of the report was too critical. No references were made to the contributions which these markets had made to the recycling of capital from the petroleum-exporting countries: thanks to private bank lending, many developing countries had been able to relieve the impact on their balance of payments of the rise in oil prices. The report, moreover, did not examine the impact of decisions taken by the Organization of Petroleum Exporting Countries (OPEC) on the world economy, particularly the impact on the developing countries.

47. Regarding the growth model underlying the report, he said the acceleration of the growth of developing countries was an objective to which all members of the international community subscribed: it was in the interests of all, particularly from an economic point of view, and helped overcome situations of political instability. He wished, however, to make two fundamental comments. First, an independent autonomous growth was neither desirable nor possible. The gap between investment needs and internal savings in developing countries would lead to considerable external financing requirements, which would largely have to be provided through the private sector. However, such finance would be limited by the ability of countries to increase their external indebtedness and cope with the resulting higher burden of debt service. A policy of import substitution did not appear to be the wisest course and conflicted on theoretical grounds with the principle of optimal allocation of resources. Experience had shown that countries which had pursued an outward-looking, export-orientated development policy had in fact had the most impressive rates of growth. He referred to the discussion of this subject in chapter 3 of the World Bank's World Development Report, 1981. 5/ To facilitate growth and to enable the repayment of debt by developing countries, the industrialized countries should maintain a trading system as open as possible. The continuation by those countries of the fight against inflation, associated with internal adjustment measures, particularly regarding the manufacturing sector, appeared to him to be the best contribution they could make towards supporting continued growth. This policy should be accompanied by selective resource transfers on concessional terms to the developing countries, accompanied by support for a reinforcement of the role played by multilateral financial and development institutions.

48. His Government had three suggestions for the next issue of the report: (a) there should be much greater disaggregation in the analysis and, in particular, more categories of developing countries should be distinguished; (b) one or two specific themes should be studied in depth, such as the situation in certain markets dominated by oligopolistic practices or by transnational corporations, and could replace certain chapters of the 1981 report, such as those devoted to a historical analysis of world development; and the interesting examination of the economic situation of the socialist countries in the 1981 report could usefully be expanded.

49. The spokesman for the Group of 77 stated that for some time the international community had been witnessing the unfolding of the most serious crisis in the world economy since the 1930s. The world economy was in a state of fundamental disequilibrium: economic activity had slowed down but, at the same time, rates of inflation and unemployment were historically high. The payments situation offered

a no less gloomy spectre, with persistent imbalances and an increasingly untenable debt structure of developing countries. The collapse of the Bretton Woods system had been followed by an ad hoc arrangement that had brought about unprecedented instability in exchange rates, uneven access to international liquidity and an exorbitant cost of international borrowing. The world trading system had not fared any better, with declining export volumes in developing countries, a substantial deterioration in their terms of trade and growing protectionism in developed countries. Since the last session of the Board, this already gloomy picture had further darkened. The terms of trade of most developing countries had continued to deteriorate since 1976 under the dual impact of rising import prices and declining commodity export prices. Prices of most commodities, on which the majority of developing countries still depended for most of their export earnings, had virtually collapsed and were presently at levels comparable to those of the early 1950s. While this had meant a sharp decline in the purchasing power of exports for the majority of developing countries, most of them were also faced with new constraints on their export earning capacity due to the combined effects of slack economic activity in the industrial countries and the restrictive economic policies followed by them.

50. The current payments deficit of developing countries, excluding the major oil exporters, had increased to \$96 billion in 1981 and was estimated to rise further to \$104 billion in 1982. In large measure, this deficit reflected the deterioration of their terms of trade, growing limits on market access in developed market-economy countries, and rising payments and profit remittances. Every percentage point increase in interest rates represented an additional cost of about \$2 billion to the developing countries. As a result, the vast majority of developing countries had been obliged to curtail their development programmes and compress to the maximum their consumption levels. They had thus had to bear the heavy burden of adjustment even though the causes of their payments deficits were not of their making. With interest rates reaching over 15 per cent per annum, and given current and prospective levels of borrowing, developing countries could hardly manage to service their outstanding debt, and certainly they could not finance productive investment at such cost.

51. He noted that the present economic difficulties also affected the developed countries. However, the adjustment policies pursued by those countries paid little regard to their international consequences. After some four years of restrictive policies, there was little evidence of their beneficial effects. The Group of 77 therefore believed that it was time to re-examine such policies and to abandon the approach of "going-it-alone". Nothing short of a collective effort to stimulate economic activity and control inflation at the source, rather than by reliance on monetary instruments, could extract the global economy from its present unholy combination of stagnation and inflation. If the international community failed to unite around such an effort, there would be a further decline in world trade, continued inflation, and increasing recourse to nationalistic stop-gap measures conceived on a short-term basis against the background of rising unemployment and increased social tensions. The catastrophic experience of the period preceding the Second World War, when such narrow policies resulted in the collapse of multilateral co-operation and of the international economic system, should not be forgotten. Members of the Group of 77 were ready to participate in any negotiations which aimed at stimulating development and controlling inflation.

52. The disarray in international trade and payments, which stemmed from fundamental disequilibrating forces, underlined the severe inadequacy and

limitations of the existing international economic system. The main pillars of the post-war system of international economic relations, as enshrined in the Bretton Woods Agreement and GATT, had collapsed under the severe strain of the early 1970s, and the existing international monetary and financial framework could not cope with the depth and magnitude of the present crisis. The international trading system was also under strain and an open multilateral trading system could not be maintained in the absence of conscious policies and actions to promote structural change, taking fully into account the growing industrialization of the third world.

53. No discussion of the critical aspects of trade and development, in particular as regards developing countries, would be complete without consideration of measures in the field of shipping. The concern of developing countries with shipping stemmed from the fact that the cost of shipping services had a critical effect on the flow, direction and size of their trade and hence also on the balance of payments. The Group of 77 was very encouraged by the international dialogue and developments in the field of shipping and appreciated the increasing signs of understanding and co-operation of other countries. That momentum should be built upon with a view to reaching acceptable solutions through international consensus in this area.

54. The world economic system was not performing well, and new approaches and new methods should be sought. Already a framework existed in the decisions of the world community through the resolutions on the establishment of a new international economic order and the adoption of the International Development Strategy for the Third United Nations Development Decade. What was now needed was to work out effective programmes conforming to these broad objectives and guidelines, for the benefit not only of the developing world but of the world as a whole. Developed countries had also come to realize that the existing system might no longer be conducive to their further rapid growth and that the economies of the developed and developing world were linked.

55. His Group also wished to draw attention to the adoption of the Substantial New Programme of Action for the 1980s for the Least Developed Countries (SNPA), which was an important step towards improving economic conditions in those countries. The UNCTAD secretariat had been given a crucial role in co-ordinating the activities of organizations which were invited to assist the least developed countries within the framework of the SNPA. The Group of 77 would appreciate receiving information about the arrangements which were being made for implementation of the SNPA in each of the least developed countries.

56. In conclusion, he stated that the world trade and economic situation had many negative features. His Group did not expect an overnight change in the situation, but all its members were ready to co-operate with the other Groups in negotiating the measures and policies which might facilitate changes in the international economy that would help the establishment of a new international economic order.

57. At the 567th meeting on 12 March 1982, responding to the request made by the spokesman for the Group of 77, the representative of the Secretary-General of UNCTAD provided the Board with information concerning steps being taken by the least developed countries themselves and by the United Nations system regarding the follow-up to the Substantial New Programme of Action for the 1980s for the Least Developed Countries. The text of his statement was subsequently circulated (see TD/B (XXIV) /Misc. 4).

58. The representative of Denmark welcomed the report as a praiseworthy initiative. It was not only a further contribution to the discussion of interdependence and its many facets, but also a pertinent and very useful analysis in its own right. The discussion of interdependence in UNCTAD had rarely been as comprehensive or wide-ranging as it was in the report. Furthermore, an integrated review of the world economy was of great value in the analysis of the present difficult economic problems. His delegation looked forward to such comprehensive reports on a regular basis.

59. As the Secretary-General of UNCTAD had noted in his foreword, this first issue was of an experimental nature, and it was with this in mind that he was putting forward some comments which might provide a contribution to the dialogue between Governments and the secretariat in connexion with future issues of the report. He recalled also the statement on behalf of the European Economic Community and its member States at the last session of the Board. 6/

60. His delegation greatly appreciated the global scope of the report, and realized that it was no easy task to deal with the past, the present and the future of the world economy in some 100 printed pages. None the less, there were some issues which the secretariat might consider approaching in a somewhat different manner when preparing the next edition. In assessing prospects for the developing countries at the beginning of the 1980s, future reports should take into account that one of the most important elements affecting the sustained growth of oil-importing developing countries had been the rapid increase in energy prices.

61. The report stated that the failure of most developing countries to expand exports was due only to external factors, such as bad weather or depressed world demand. However, it was well-known that domestic policies also played an important role. In that context, the report drew attention to the serious and increasing debt problems of developing countries. His delegation certainly agreed that commercial debt could not be treated in the same context as official development assistance debt and did not fall within the purview of section A of Board resolution 165 (S-IX). Nevertheless, the problems of debtor countries in serious difficulties had to be dealt with in a more comprehensive way than at present. His delegation considered that it was urgent to study thoroughly the impact of debt on individual debtor countries and on the world economy as a whole. The responsiveness of the international community to these serious problems had to be enhanced.

62. In the historical part of the report, it was indicated that the post-war liberal international trading system had been replaced by a series of multilateral arrangements or agreements. His delegation did not share the view that the world trading system had thereby been transformed into a politically managed one. The multilateral arrangements and agreements were important additions to the existing liberal system. The system was undoubtedly under great stress and had indeed been dented, but it was nevertheless a fortunate and remarkable fact that the liberal GATT framework remained the basis for international trade.

63. He was surprised that the very poor performances of the socialist countries of Eastern Europe with respect to both their trade with developing countries and their ODA had not been given greater emphasis in the report. The fact that the market share of developing countries in the socialist countries of Eastern Europe had actually declined and that these countries only devoted 0.03 per cent of their gross national product to official development assistance to developing countries other than the Democratic People's Republic of Korea, Viet Nam and Cuba should have been taken into consideration.

64. The discussion of commodity-related issues rightly highlighted the Agreement Establishing the Common Fund for Commodities as a major breakthrough, and his Government was deeply concerned that so few countries had yet ratified the Agreement. His delegation affirmed that commodity agreements were of vital importance. The assertion in the report that the growth and stability of commodity exports should be the most important trade issue did not, however, seem to be in balance with its over-all analysis of trade problems.

65. The report presented a very critical view of what was called the "privatization" of the international monetary system with which his delegation could not associate itself. The high degree of freedom for capital movements was a natural and necessary complement to the present liberal system of international trade. The increased resources which had been mobilized by financial markets had been of great value to the international development institutions, which based their lending on borrowing in those markets. Furthermore, the improved liquidity of those markets and their proliferation in recent years had facilitated structural adjustment in developed as well as in developing countries. His Government therefore believed that a higher degree of regulation in these markets would be harmful to most countries and that such regulation was not a precondition for stabilization of exchange rates. It was important to stress the remarkable ability shown by IMF during the last eight years to adjust to changing circumstances. The fact that the Fund had directed about half of the credits extended to developing countries to some major borrowers on the Euromarkets did not prove that it had conformed to the financing patterns of private markets, but rather the opposite. An arrangement with the Fund often re-established the international credibility of a country and thus facilitated its access to the private market.

66. With regard to the discussion on shipping (part III, chap. 5), he said the report was not sufficiently precise and he hoped that the positive results of the work of the bulk markets group would be fully reflected in future editions.

67. The report outlined some gloomy and possibly realistic forecasts for the world economy in the 1980s. An especially dark picture was given of the development prospects for the oil-importing developing countries. Certainly, current trends in development financing and in their terms of trade were not promising. It would be useful if future reports contained more general analyses of the development problems of the oil-importing developing countries, perhaps including an outline of feasible policy measures to be taken by these countries themselves, as well as by the international community, to alleviate their burden. On a number of occasions the report pointed to an impressive "resource gap" between the actual needs of developing countries in order to achieve a sustained rate of growth and the availability of development financing. He agreed that this discrepancy was extremely important. In the view of his delegation, however, the report might have used much stronger language in describing the urgent financing needs of the developing countries and the mutual interest of developed and developing countries in substantially increased efforts to meet these needs.

68. On the usefulness of the econometric model as a basis for the projections of the world economy in part IV of the report, he shared the doubts expressed by other delegations. It was conceptually wrong to construct an econometric model based on historical relations in the world economy and then impose on it as exogenous variables extremely high growth rates for developing countries, especially when the low growth rates of other regions were also treated as exogenous variables. It would be better to treat growth rates as endogenous variables. It might also be

useful if several scenarios, based on different, but realistic, assumptions were worked out. This could be a basis for fruitful discussions of the obstacles to the growth of the world economy.

69. It was the sincere belief of his Government that the report presented an important step forward in understanding the difficult economic problems confronting the world. He looked forward to future editions which could assist the Board's deliberations on world trade and development problems. In that spirit, he put forward three general considerations which might provide guidance for preparing future editions of the reports: (a) a more specific relationship to the individual activities of UNCTAD would be desirable, (b) less weight should be given to the description of historical trends, and (c) a greater emphasis on general development problems and on the role of foreign trade in economic growth would be advisable.

70. The representative of the Union of Soviet Socialist Republics noted that his delegation had set out its approach of principle to agenda items 3 and 4 at the last session of the Board. His present contribution elaborated as necessary on that statement. The events of the last five months had served to confirm that UNCTAD must give particular attention to a comprehensive review of trends in world trade and production, and he supported the proposal of the Secretary-General of UNCTAD in his opening statement that one task of the sixth session of the Conference would be to undertake a general evaluation of the state of world trade and the world economy. Current events had confirmed the topicality and reality of the analysis in the Trade and Development Report. Arguments at the twenty-third session of the Board that the report was too pessimistic had proved to be wrong. The secretariat was correct in warning that the crisis in the capitalist economies and its impact on the developing countries was severe and conditions had never been so serious since the 1930s. It was reflected in the stagnation in world trade, fights for markets and growing protectionist pressures. At the last session, his delegation had warned against attempts by capitalist countries to use trade and economic relations as a political weapon against socialist countries and some developing countries, which constituted, inter alia, interference in the internal affairs of sovereign States. Countries following this path would be the losers in trade with his country, since it was easier to reduce trading relations than to subsequently restore them.

71. The report focused on purely economic factors in its forecasts, but it was now clear that, in future reports, account would also have to be taken of political factors. World economic development was dependent on measures for peace, security and effective disarmament. In the present situation of growing tensions, the process of restructuring international economic relations had slowed down. The Soviet Union and other socialist countries were doing everything to ensure peace and disarmament, which had been amply demonstrated during the thirty-sixth session of the General Assembly. UNCTAD could not disregard these vital elements in its work, and future issues of the report should duly reflect this important aspect.

72. Supplementing the information given at the last session of the Board, he stated that during 1981 foreign trade turnover of the USSR had increased by 17 per cent, reaching 110 billion roubles. The value of trade with the developing countries had grown by 30 per cent and imports from them by 36 per cent. Its system of trade and economic relations with developing countries had again demonstrated its dynamism and character, which was particularly important in the crisis situation of world capitalist trade.

73. His Government supported the annual issue of the report, which was in keeping with the role UNCTAD must play and which also responded to General Assembly resolution 36/145 on UNCTAD. Such annual reviews of international developments would enable the members of the Board to better examine the fundamental issues. Some matters requiring further in-depth examination in the report were the destabilizing effects of the arms race on economic development and world trade; the negative effects of the operations of transnational corporations on developed market-economy and on developing countries and on world trade; evaluation of the true dimensions of the growing outflow of financial resources from developing countries through visible and invisible channels, including those related to the operations of transnational corporations; and evaluation of the impact of new forms of protectionism on world trade, including those practised in East-West trade.

74. At the last session, some delegations had doubted the need for restructuring the present system of international economic relations and recommended continued reliance on market forces. Such an approach meant the rejection of the progressive recommendations which had been elaborated by the international community during recent years. The Soviet Union consistently supported restructuring of international economic relations on a just and democratic basis and, to that end, implementation of the new international economic order, so as to raise the level of development of developing countries and ensure a healthy world economy. It would continue to do so in the future.

75. The representative of the German Democratic Republic stated that international economic relations had further deteriorated in the last six months and that no progress had been made with regard to their restructuring on a democratic basis. The policy of confrontation and heavy expenditure on super-armaments pursued by certain imperialist circles had not only aggravated the international political atmosphere but was also, and to a growing extent, affecting the world trading environment and damaging international economic co-operation. For that reason, his delegation emphatically supported the demands for effective measures of disarmament and the exploitation of UNCTAD's full potential in that regard. It therefore hoped that the Secretary-General of UNCTAD would, in accordance with the decision of the Board at its twenty-third session to consider future activities in this area at its twenty-fifth session, submit proposals to the Board for future activities.

76. He observed that certain western countries had recently been making unprecedented efforts to pursue a policy of confrontation also in the area of international economic relations. They were seeking to use trade relations as an instrument of pressure and extortion vis-à-vis the socialist countries and some developing countries by resorting to economic sanctions, embargoes and blockades. His country strongly condemned these measures and practices, which violated established principles of the Charter of the United Nations and, in particular, the trade policy principles of UNCTAD, and called for their immediate abolition.

77. Evaluating the current situation in the capitalist world economy, he expressed the view that current tendencies were not expected to change in the near future, but rather the opposite. Cyclical contradictions were ever intertwined with a long-term structural crisis. Production declines, currency depreciation, chronic inflation, the policy of high interest rates and increased protectionism were the main features of the general situation in the capitalist part of the world economy. Those tendencies had an extremely adverse effect on international trade and economic co-operation by further destabilizing them.

78. Expressing appreciation for the report, he said it represented a comprehensive basis for continuing the debate on the international economic situation and prospects which had been initiated at the fifth session of UNCTAD. It was based on a thorough investigation of the world economy and important sectors thereof and contained a comprehensive analysis of trends in economic development during the last decades, as well as attempting to look ahead. The report was to be commended for its aim of describing coherently developments both in the global economy and sectorally and by regions; for its critical reflections on essential processes and tendencies of the international capitalist economic system; for an analytical and theoretical description of the economic relationship between developed market-economy countries and developing countries, such as the adverse effects of the economic development of developed market-economy countries, of the role of international financing institutions and transnational corporations, as well as of the pursuit of a policy directed against the interests of the developing countries; for its recognition of the limited capacity of the capitalist system (that is, of international monopolies and of market mechanisms in general) to solve essential problems of the world economy either at present or in the future; and for its attempt to identify essential sectors where the economic development of the developing countries might be supported (for example, through intensified economic co-operation among developing countries). At the same time, the report showed that the results achieved so far fell short of the development targets set for the developing countries.

79. The worsening economic situation of most developing countries was due to the unfavourable external conditions over which they had no influence, such as declining terms of trade and high interest rates. The report rightly concluded that under the present international economic system the achievement of high growth rates by developing countries might not be possible. By demonstrating that the problems inherent in the capitalist world economy were not just of a cyclical, but rather of a structural, nature, the report pointed to the real causes of the deteriorating world economic situation.

80. Concurrently with the discussion of the report in plenary at the twenty-third session of the Board, a sessional committee had discussed a comprehensive report prepared by the UNCTAD secretariat on trade between countries having different economic and social systems, where it was shown that trade relations of socialist countries with developing countries and developed market-economy countries had maintained their dynamic character and stability, despite the unfavourable world economic environment.

81. In paragraph 7 of that report 7/ it was correctly stated that in 1980, "trade between socialist countries and developing countries was particularly dynamic. It increased against 1979 by 33.7 per cent, i.e. much faster than the socialist countries' trade with developed market-economy countries (14.4 per cent) and intra-CMEA trade (9.9 per cent). The five-year period 1976-1980 as a whole witnessed the same trend; socialist countries' trade with developing countries went up by 127.1 per cent, whereas trade with developed market-economy countries increased by 89.4 per cent and intra-CMEA trade by 81.6 per cent." Regular annual publication of the Trade and Development Report would undoubtedly facilitate a more intensive discussion by the Board of basic issues and problems in world trade. The value of the report would be further enhanced if the following considerations were also taken into account. First, more attention should be paid to the relationship between disarmament and development. The Ministers for Foreign Affairs and Heads of Delegation of the Non-Aligned countries to the thirty-sixth session of the

General Assembly, in their communiqué of 28 September 1981 (A/36/566, annex), and the Ministers for Foreign Affairs of the Group of 77 at their fifth annual meeting in New York, in their declaration of 29 September 1981 (A/36/573, annex), had emphasized very clearly that the deterioration in international economic relations and of the situation of developing countries not only was a result of structural problems in the world economy, but also was a consequence of the serious aggravation of the international situation caused by the arms race. Second, the report should take into account that the restructuring of international economic relations on a just and democratic basis implied breaking the dominating role of monopolies in international economic relations. The report discussed only "commodities" and "finance" in this connexion; future issues should devote primary attention to the policies pursued by transnational corporations and their responsibility for the situation of developing countries. Third, the role of internal resources of developing countries and their own efforts with regard to their development had not been adequately reflected in the report. Unquestionably, these were issues which required further investigation.

82. Describing developments in the economy of the German Democratic Republic, he noted that foreign trade turnover in 1981 had been 61 per cent higher than in 1975 and 10 per cent higher than in 1980. The positive outcome of the Plan for 1981 gave every reason for confidence that the targets set for 1982 would also be achieved and demonstrated the advantages of socialist planning. The close economic relations between his country and other socialist countries also provided a solid basis for expanding economic relations with both developing countries and developed market economy countries. From 1976 to 1980, the foreign trade turnover with these countries had increased by 82 per cent. Relations between his country and developing countries were based on the principles of equal rights and mutual benefit, and provided support for these countries in their struggle for economic independence and in the building up of their national industries and of a modern agriculture. Foreign trade turnover with developing countries had increased threefold between 1970 and 1980 and more rapidly than total foreign trade turnover. Political and economic relations between his country and developing countries had further progressed, and economic, scientific and technical co-operation with them would expand further in the plan period 1981-1985. The some 150 intergovernmental agreements that had been concluded were convincing proof of the mutual desire to develop long-term relations in the field of trade, payments, economic, industrial, scientific and technical co-operation. The planned and stable economic development of his country also guaranteed the developing countries long-term marketing prospects for their export products.

83. His country attached great importance to the expansion of economic relations with developed market-economy countries in the interest of peaceful coexistence, the international division of labour and the preservation of détente. Foreign trade turnover with those countries had increased by about 70 per cent from 1975 to 1980, and his country had concluded long-term agreements with most of them on economic, industrial, scientific and technical co-operation.

84. His country had always been willing to trade peacefully with States having different economic and social systems, in harmony with the objectives and principles of UNCTAD and the Final Act of the Conference on Security and Co-operation in Europe. This required that all parties involved recognize and observe the principles of equal rights, mutual benefit and non-discrimination. He hoped that the present session of the Board, which had an important role to play in the preparation of the sixth session of UNCTAD, would contribute constructively to the promotion of peaceful co-operation between all States, especially in the field of trade and related economic sectors.

85. The spokesman for Group B stated that at the twenty-third session of the Board the debate under agenda items 3 and 4 had been much stimulated by the first issue of the Trade and Development Report, though for well known reasons it had been of a preliminary nature. Members of Group B, while commending the secretariat for the considerable effort involved in the preparation of the report, saw reason on some points to differ from the views expressed in it. The secretariat had been requested to respond in written form to the points brought up in the discussion. Having received the internal secretariat memorandum (see para. 43, above), members of Group B felt that it did not fully take up the substantive comments made by them. It should be understood that members of Group B had made comments, both orally at the Board and separately in written form, to contribute to a fruitful discussion in the Board under items 3 and 4 and to the preparation of subsequent issues of the report.

86. The representative of Japan stated that the recent practice of having substantive discussions in the Board on important issues, in order to provide policy guidance to the work of UNCTAD, based on documentation by the secretariat, was a useful one that should be continued. As the Secretary-General of UNCTAD had pointed out in his introductory statement, the world economy was going through a critical phase in which international trade was slowing down and the development process was in crisis. His delegation shared the view that most of the economic problems confronting an interdependent world were common and that developed and developing countries had to tackle them jointly. As the Prime Minister of Japan had stated at the Cancún Summit in October 1981, "The road ahead calls for each of us to abandon the false perception that the interests of North and South conflict with each other, and for both the developed and developing countries to extend the hand of co-operation to one another in order to revitalize the world economy, ... inspired by the spirit of interdependence and mutuality of interest". His country's policies had been inspired by that spirit. It had set a new medium-term target for development assistance, whereby efforts were being made to more than double, in the next five years, the level of disbursed ODA that had been reached in the previous five years. To that end, the budget provision for ODA would be more than doubled. Furthermore, his country intended to improve the quality of its ODA through the efficient and effective implementation of aid programmes.

87. Japan was committed to the open and multilateral trading system viewed in a broader macro-economic setting. Many developed market-economy countries were facing difficulties in containing inflation, coupled with prolonged recession and an unprecedented level of unemployment. In these circumstances, his Government was deeply concerned about the increasing pressure for protection of industries through trade restrictions, especially in sectors which were losing their comparative advantage. Structural adjustment and international trade, through a process of interaction, could bring about a virtuous circle facilitating a shift of capital and labour towards growth sectors and thus could break the prevailing vicious circle of protection for declining industries and the introduction of trade restrictions. His Government had been implementing general policies based on the free play of market forces compatible with these principles and consequently promoting a dynamic international division of labour. As a market for the products of other countries, his country was second only to that of the United States, with imports amounting to over \$140 billion per year. Moreover, according to the UNCTAD Handbook of International Trade and Development Statistics, 1979, 8/ imports into Japan from developing countries had increased 9.7 times from 1970 to 1979, a rate of increase (both in total imports from developing countries and in imports of manufactures from them) which was higher than that of the United States and the

European Economic Community. Furthermore, recognizing the need to contribute to a further expansion of Japan's imports, his Government had decided to implement, as from 1 April 1982, across-the-board tariff reductions two years ahead of the scheduled staging agreed to in the multilateral trade negotiations. It was also making further efforts to improve import testing and other procedures.

88. He added that the Board's discussion of protectionism and structural adjustment would certainly help identify more clearly the important issues of international trade and that the documentation submitted by the UNCTAD secretariat on the whole provided a useful basis for the discussion. As in the past, his delegation was participating constructively in discussions on this subject and he sincerely hoped that informed discussion at this session would lead to agreement on the areas and issues which awaited further study, and eventually to concrete results that would help revitalize the world economy.

89. Referring to the report by the UNCTAD secretariat entitled "Protectionism and structural adjustment in the world economy" (TD/B/888), 9/ which was under consideration in Sessional Committee II, (see chap. VI below) he said some of the analyses were slightly unbalanced and that chapter II, dealing with restrictions on trade, contained some inaccuracies. First, he understood from the secretariat that the weighted average tariff rates of Japan's imports had been calculated on the basis of tariffs and imports in 1976, which was before the conclusion of the multilateral trade negotiations. Since that had not been made explicit, the document gave the erroneous impression that the weighted average tariff rates referred to the present situation. According to the calculations of his Government, and using the same concept of average tariff rates as the secretariat, the average rate for Japan's imports from the world in 1981 was 2.6 per cent. Second, even in respect of 1976, and using exactly the same method of calculation as the secretariat, the figures obtained by his Government differed considerably from those of the secretariat, which thus appeared to be inaccurate. For example, his Government found the average rate for total imports from the world to be 4.5 per cent, instead of 7.0 per cent, even without taking into account preferential rates under GSP. Third, among other trade restrictions, tariff protection, which was most susceptible to quantitative analysis, had been given excessive prominence by the secretariat, and other trade restrictions had, in comparison, been inadequately analysed. It would have been better if some of the conclusions presented in the study had been made after deriving an over-all, balanced picture of the various trade restrictions.

90. As regards the agenda for the sixth session of the Conference, his delegation appreciated the initiatives already taken by the Secretary-General of UNCTAD and hoped that his consultations with member States and regional groups would lead to a positive result early in the preparatory stage. As the next session of the Conference was to be held nearly 20 years after the establishment of UNCTAD, it seemed to his delegation that it would be an eminently suitable occasion for all to reflect upon the work accomplished and to rethink the future role of UNCTAD in the next 10 or even 20 years. In the past, the dialogue between North and South within UNCTAD had, at times, been unproductive, appearing more like a confrontation. Nevertheless, there had been some achievements, with far-reaching effects, such as the establishment of the generalized system of preferences, the adoption of the Agreement Establishing the Common Fund for Commodities and the adoption of the Substantial New Programme of Action for the 1980s for the Least Developed Countries. Serious consideration should be given, in preparing for the sixth session of the Conference, as well as at the Conference itself, to the question of how the effectiveness of UNCTAD could be increased so that it could fulfil its mandate.

91. The representative of Cuba stated that the report contained much useful information, and was well focused on the problems of the world economy. His delegation would welcome the annual preparation of such reports. Supplementing remarks made by the representatives of several developing countries, which he fully endorsed, he said that his country was among those suffering from the current plight of commodities, which the report analysed in the context of the world food situation. It was universally recognized that the dependence of developing countries on exports of commodities was steadily increasing. Unfortunately, in spite of the efforts by the international community in recent years, no significant change in this situation could be foreseen. Consequently, the current crisis in the developed countries was seriously diminishing the already meagre income that developing countries obtained from their commodities. As noted in the report, the share of commodities in world trade was falling on account of the sluggish growth of this sector, which in turn arose from contractions of the markets of consuming countries and, above all, falling commodity prices.

92. This situation was aggravated by growing protectionism in most capitalist developed countries and by the lack of adequate financial aid to developing countries for export diversification. As noted in the report, in recent years 90 per cent of world commodity exports had been in the form of unprocessed raw materials. In addition, the control of transnational corporations over the production, marketing, transport and distribution of commodities further reduced the small proportion of the final price that was retained in the developing exporting countries. Although the point was not emphasized in the report, the unfair competition of synthetics, as well as the major impact of national subsidies to agriculture, had also to be borne in mind. He referred, in particular, to the sugar subsidy policy of EEC and the tariffs on sugar imports in the United States.

93. The report examined objectively the world food situation, which was reflected by hunger and malnutrition in developing countries. Food surpluses, especially of cereals, were not used in most cases for humanitarian purposes but instead as a political weapon of oppression against those countries that were fighting to rescue their national sovereignty and to secure control over their national resources. Developing countries also called for the dismantling of the hundreds of non-tariff barriers which were increasingly protecting the developed countries from competing imports of manufactures. In spite of all the arguments in favour of liberalization of trade, and despite the multilateral trade negotiations, these barriers were still in place. Subsidies to uncompetitive industries were another measure to which resort was being increasingly made.

94. His country, on different occasions, had stressed the need for co-operation in efforts to close the financial gap between developed and developing countries. Everyone was aware of the many problems that had been caused by the different facets of the "privatization" of the monetary system. ODA and other development aid had levelled off in spite of the growing need for concessional flows of assistance. Only a handful of non-oil-exporting developing countries had access to the financial markets and similarly it was only a few developing countries that accounted for the bulk of financial resources provided by international financial institutions such as IMF and the World Bank. In general, his delegation considered that the analysis of the international financial situation made in the report, as that of conditions regarding maritime transport, was objective. The report rightly stressed the poor progress made during the "last 30 years by developing countries regarding their national fleets".

95. In evaluating the world trade and economic situation, he said it should not be forgotten that the world population now stood at 4.4 billion, 75 per cent of which was in China and the developing countries. The 25 per cent living in the developed countries consumed 82 per cent of the world GNP, 75 per cent of the world's energy supplies and 70 per cent of cereals. They owned 92 per cent of the world's industrial capacity and 95 per cent of its technological resources and accounted for 98 per cent of world expenditure on education. As his country had stated on other occasions, the solution to the present malaise that affected developing countries could not be a piecemeal one but called for an integrated approach. The problems were global in nature and had to be tackled globally. In the same way, there could not be peace without development, and hence fighting for peace was equivalent to fighting for development, on the basis of respect for the right of all peoples to determine freely the economic and social system under which they wished to live.

96. The representative of Bangladesh stated that the present crisis and the factors responsible for it were well documented, as was also the long effort of the countries members of the Group of 77 to prevail upon the developed countries to apply the necessary corrective measures so as to avert an economic catastrophe. The repeated appeals made by the Group of 77 in various forums of the United Nations system and the negative response of the developed countries to such overtures was also common knowledge. Important resolutions and decisions that had been adopted by consensus in United Nations forums remained unimplemented, such as the International Development Strategy for the Third United Nations Development Decade, Conference resolution 122 (V), part of which called for an Immediate Action Programme for the Least Developed Countries for 1980-1981, and General Assembly resolution 34/138 on global negotiations. Their implementation would have had a positive influence on the economic situation today. Unfortunately for the developing countries, as well as for many of their partners in the developed world, the pleas by the Group of 77 to embark on the process of restructuring of the world economy with a view to establishing a new international economic order had gone unheeded and were a matter of only academic interest to most developed countries. Indeed, there was little evidence that the developed countries were even trying to demonstrate that the existing international economic system was workable to the satisfaction of all.

97. He recalled recent efforts of the Group of 77 to convince the developed countries that in an interdependent world they, too, stood to gain by helping the developing countries to prosper, and mentioned, in particular, the stance of the developing countries at Cancún and at the General Assembly, as well as in UNCTAD.

98. Turning to the Trade and Development Report, 1981, he said it contained a comprehensive and wide-ranging analysis of the world economic situation, bringing out clearly the link between, on the one hand, such factors as faster growth in the developing countries, the terms of trade of those countries, the flow of resources to them and their pace of industrialization and, on the other hand, revival of the world economy. Valuable suggestions had also been made in the report for remedial measures.

99. In the face of such convincing arguments, and in the light of their own experience, it had been hoped that there would be a greater perception by the developed countries of the need for a new global economic policy. Yet the fact was that the developed countries had chosen to continue to resort to short-term ad hoc policies to meet the immediate situations, rather than seek a permanent remedy

through a process of structural adjustment. As a result, the economies of many developed countries were themselves in poor shape, while those of many developing countries were in critical condition. His country, along with the other least developed countries had, of course, been the worst hit. The least developed countries had no infrastructure enabling them to participate meaningfully in international economic activity, their domestic income was too low to provide any savings surplus, and their creditworthiness was too low to qualify for regular access to international capital markets. In short, those countries were left out of the mainstream of international economic life. With mounting import bills for food and energy and rapidly falling demand for and prices of their export commodities, their efforts to develop their economic infrastructure were an uphill struggle. Multilateral development assistance, which was a vital component of the total development assistance they received, was also showing signs of weakness. Nevertheless, very high hopes were pinned on the Substantial New Programme of Action for the 1980s for the Least Developed Countries that had been adopted in Paris in September 1981. Its prompt, effective and full implementation would, to a large extent, salvage these countries from their present predicament and allow them to enter into the mainstream of international economic life together with the rest of the developing world. At the same time, his country was fully aware of the interdependence of the world economy, and realized that brighter prospects for the least developed and other developing countries went hand-in-hand with global economic recovery. His country was, therefore, eager and impatient to see the initiation of a serious and meaningful global dialogue to prepare the ground for long-term structural change.

100. The representative of China stated that her delegation agreed with the analysis and assessment of the international economic situation made by the Secretary-General of UNCTAD in his opening statement. The world economy was in serious recession, and the growth of world trade was slowing down. Growth in the major developed countries had slowed down and there was little evidence that the rate of inflation was falling off. Unemployment was rising continuously, money markets were in flux, and the trade war was fiercer than ever. Prices of primary products exported by developing countries were falling, their trade in manufactures was being hit by protectionism and their export earnings were consequently reduced, while their external indebtedness was substantially increasing. The critical balance-of-payments situation of most developing countries could not but cause grave concern to the international community.

101. The current disequilibrium of disorder in the world economy showed that the present international economic structure was harmful to the revival and prosperity of the world economy, particularly in respect of the developing countries. A constructive approach to finding solutions was therefore essential. It was her country's consistent view that transformation of the old economic order and establishment of a new international economic order was conducive not only to the economic development of the developing countries, but also to revival and prosperity in the world as a whole, including the developed countries. Only limited progress had been made in the international negotiations on economic issues in various forums since the fifth session of UNCTAD, and the question of launching global negotiations remained in deadlock. Because of the rigid attitude assumed by one super-Power, and its repeated obstructions, the global negotiations had not yet got under way, with extremely harmful consequences for the solution of current international economic problems.

102. She appreciated the practical steps taken by some developed countries that had persisted in dialogue with the developing countries, were willing to carry out consultations and negotiations on important economic issues and had adopted concrete measures for improving North-South relations. The world recession might deepen, with no early prospect of an upturn, and it was therefore necessary for the international community to do everything possible to reach agreement on methods for solving the crisis. One super-Power, which self-styled itself as the "natural ally" of developing countries, alleged that it had no responsibility for the difficulties faced by developing countries and refused to undertake any obligations, but that position was untenable and only served to expose the true colours of its false support.

103. The problem of trade in primary products was far from being solved. High interest rates and inflation raised the cost of imports to developing countries, while export prices of some of their primary products had decreased, resulting in a further decline in their terms of trade. Implementation of the Integrated Programme for Commodities was far from satisfactory and the Agreement Establishing the Common Fund for Commodities was unlikely to enter into force as early as had been envisaged. Effective measures should be taken to accelerate the tempo to ensure that it came into force as early as possible. Furthermore, negotiations on individual commodity agreements remained at a standstill, and the agreement on natural rubber, although concluded some time ago, had come into force only provisionally. There were even more obstacles in the area of commodity processing, marketing and distribution. It was to be hoped that parties concerned would continue their efforts and adopt effective steps to speed up negotiations and implement fully the IPC. Her Government had signed and ratified the Agreement Establishing the Common Fund for Commodities, and had deposited its instrument of approval. It has also paid up its contribution due at the present stage to the International Rubber Council.

104. Protectionism was a key problem in trade in manufactures, of concern to all developing countries, and even some developed countries. Since the adoption of Conference resolution 131 (V), little progress had been made; on the contrary, some developed countries had even intensified their protectionist measures. Such measures affected the exports of developing countries, reduced their foreign exchange earnings and thus their import capacity and, in the final analysis, were detrimental to the development of world trade. The developing countries were justified in demanding the removal or reduction of protectionist measures and effective action should be taken in accordance with the relevant resolutions.

105. The recently held "New Delhi Consultations" of developing countries, hosted by the Government of India, had once again manifested the common desire of the developing countries for friendly and equitable economic co-operation among themselves. In the present severe economic situation, collective self-reliance helped not only to strengthen the developing countries' own economic independence, but also to transform the inequitable old economic order. She reiterated the main points of the five principles put forward by the Chinese delegation at New Delhi: co-operation among developing countries should persistently be oriented towards development of an independent national economy and strengthening of collective self-reliance in accordance with the principle of equality, mutual benefit and accommodation; the general programme of co-operation should take into account the different interests and demands of the developing countries, so that all parties could benefit from it, with special attention given to the particular problems of the least developed countries; the items of co-operation should be practicable, so as to give play to the economic advantages of each country; and the economic

co-operation at the regional and global levels should be mutually complementary and conducive to strengthening the unity of the developing countries and the establishment of a new international economic order. She stated that China had been actively exploring possibilities of expanding the existing co-operation between China and other developing countries. She was deeply convinced that such co-operation would be progressively developed.

106. UNCTAD had played an important role in dealing with some important international economic problems and many countries were placing high hopes on the sixth session of the Conference, careful preparation of which would contribute to its successful outcome. It was necessary to identify the steps needed for world economic recovery and the key problems hindering the economic development of the developing countries so that the Conference might, after consultations, put forward suggestions for policy measures. The agenda of the Conference should be a practical one, focusing on the basic objective of establishing the new international economic order. It should also reflect the need to solve the immediate problems of the developing countries in the context of their long-term requirements and create favourable external conditions for their economic development. Her delegation was willing to work with other delegations in a common endeavour towards the solution of the world's various economic and trade problems.

107. The representative of Poland, supplementing the remarks by his delegation at the previous session, stated that the report was an interesting attempt at a synthetic and relatively comprehensive approach to changes in the world economy and, in particular, as an analysis of long-term structural change. Assessing the report positively, he said that, though it failed, for obvious reasons, to give an exhaustive explanation of structural changes taking place in the world economy and of changes in the balance of economic forces, it none the less made an important contribution to an understanding of the process. Annual reports of this nature would help in identifying and eventually solving world problems of trade and development. The results of such analyses should find an appropriate reflection in the over-all prospects for the development of the world economy up to the year 2000. Sharing many of the ideas contained in the report, he stressed first, that changes in the world economic situation were not simply cyclical but structural. It was therefore essential to perceive their fundamental long-term consequences, particularly in the light of the expected slowing down of growth in industrialized countries. Second, the internationalization of the world economy had led to an increasing openness of national economies and enhanced their interdependence. Third, the effectiveness of the traditional instruments of anticyclical policy and, in particular, of monetary instruments, as well as of the classical policy known as "demand management", was diminishing while, at the same time, the influence of a country's national economic policy on other countries was growing. Fourth, there was a need for a structural approach to the process of adjustment, particularly as regards changes in the international division of labour. Fifth, against the background of growing internationalization of the world economy, emphasis had to be laid on the increasing significance of external factors for the development prospects of particular countries, including especially such factors as changes in the terms of trade or the burden of debt service, which had recently gained importance. Sixth, the expansion of international investment through transnational corporations and an accompanying expansion of the transnational banking system, such as the Eurocurrency market, had brought about increased internationalization of the world economy. Seventh, attention should be paid to the consequences of control now exercised by the private banking system over a large proportion of

international liquidity, as well as to the role of private banks in providing balance-of-payments finance, which might impair the stability and future of international financial relations.

108. He noted that there was no analysis of internal factors influencing economic development in the report and suggested that this question should be addressed in future reports. Regarding a specific programme of structural adjustment as proposed in the report, he pointed out that, on the one hand, the report stressed the structural, hence lasting, reasons for slow growth in industrially advanced countries and, on the other hand, made the transient nature of the first stage of structural changes introduced in the 1980s dependent on faster economic growth in those countries. In addition, while the factor of interdependence was stressed in the report, it was acknowledged that restoration of internal equilibrium in developing countries by way of massive transfers of resources might lead to growing tensions in the world economy. Moreover, the suggested mechanism for automatic transfer would reduce pressure on the need for internal changes, which were an essential complement to the necessary restructuring of the external environment for development of the third world.

109. Regarding the external factors of development, he said the situation of the developing and socialist countries was similar in certain respects. Primarily, the similarity was due to the fact that both groups of countries had embarked on accelerated development somewhat belatedly, when the rules governing the post-war international economic order had already been established. They had consequently been obliged to adapt themselves to those rules. Endeavours by those countries to expand and diversify their exports were faced with growing competition and various protectionist measures in developed market-economy countries. The problems faced by developing countries concerning imports of technology on the consequences and risks of indebtedness to the private banking system had something in common with the experiences of Poland.

110. All these factors did not, of course, facilitate the possibilities of economic growth of the developing and socialist countries. In this context, he referred to some very disquieting trends and actions in certain developed market-economy countries aimed at using commercial and economic relations for political ends. The countries concerned were using trade, and credits in particular, as an economic weapon and introducing political factors into indebtedness. Actions undertaken recently against his country were, unfortunately, proof of this state of affairs, but such an approach could have disastrous effects on the world trading system and on international economic relations in general. Fraternal co-operation among socialist countries ensured mutual aid and assistance, which diminished their external difficulties. Thanks to the substantial assistance provided primarily by the USSR and other socialist countries, Poland was capable of solving its serious problems.

111. Another factor which bore heavily on international economic relations and development was the reintroduction by some western developed countries of a vast programme of rearmament and the commencement of an arms race. UNCTAD could contribute significantly to an examination of the relationship between détente and disarmament on the one hand and economic development on the other hand.

112. Recognition of the principle of interdependence, as reflected in the report, necessitated that, in the process of restructuring international economic relations, the legitimate interests of all groups of countries should be taken into

account. The possibilities of economic growth and economic co-operation between all countries should be analysed, including East-West trade. Poland was vitally interested in developing and expanding its trade relations and economic co-operation with all countries. In its economic relations, Poland had always been guided by the principles of universality, non-discrimination, mutual advantage and non-interference in the internal affairs of other countries.

113. The representative of Romania associated himself with views expressed on the need for dialogue and collective action to solve the critical world economic situation. Recalling his delegation's statement at the twenty-third session of the Board, on the Trade and Development Report, 1981, he said he would confine his present remarks to salient features of the current world economic situation. He expressed the view that the crisis was the most severe since the Second World War and was, incontestably, of a structural nature, and he underlined that it was seriously affecting the developing countries in particular, as well as international economic relations as a whole. The economic difficulties were amplified by restrictive policies, both commercial and monetary. Moreover, there was worldwide inflation, a financial crisis and increasing protectionism. In his view, an "erroneous" response had been made to the economic crisis. The reactions were more of a "defensive" nature, as was evident from the unilateral actions that had been taken. There was equally a proliferation of bilateral approaches rather than recourse to a multilateral mechanism and its legal framework. New elements appearing in economic policy were regrettably negative. He referred, in particular, to the unprecedented high rates of interest for international credit as well as to policies taken with respect to exchange rates.

114. He said that these "defensive" steps and "bilateralism" were weakening the multilateral economic system as well as international economic co-operation in general. In his view, in these circumstances, countries had to work together to find solutions. National and international experience had shown that such crises could only be handled by imaginative and courageous action. In that connexion, he referred to several themes which had been invoked in the course of the debate. Without profound changes in the structure of international economic relations, it would not be possible to overcome the present crisis. That called for changes in the world system of production and trade and for institutional reform of the regulations and principles governing international trade. It also required taking specific steps towards the establishment of a new international economic order.

115. The growing interdependence of the world economy called for urgent concerted and integrated actions. He emphasized the necessity of launching, as soon as possible, the global negotiations.

116. He added that the problems of developing countries should have a central place in all international economic action. Comprehensive measures in their favour would give a new impetus to the international economy and would in large measure contribute to the resumption of higher rates of growth in developed countries.

117. Finally, he stressed the special role that UNCTAD could play since it had competence in major areas of the world economy. The sixth session of the Conference offered a good occasion to "reactivate" UNCTAD, whose role should be strengthened in order to stimulate the development process.

118. The representative of the United States, recalling that his delegation to the twenty-third session of the Board had complimented the UNCTAD secretariat on the effort involved in the production of the Trade and Development Report, 1981, and

made several substantive comments, said that it had had no opportunity at that time to give the report the in-depth examination that it merited. Subsequently, his delegation had given the Secretary-General of UNCTAD a detailed written critique of the report, prepared by several United States Government economists. The extensiveness and detail of this critique reflected the seriousness with which country had approached this task and the potential importance to the dialogue that it saw in a high-quality report. As they had said at the last session, they believed that an improved and balanced report could make a significant contribution to the dialogue. They therefore hoped and, indeed, expected that their serious comments would be taken fully into account when the secretariat prepared the next issue.

119. From among the scores of separate suggestions and criticisms made in their oral and written comments on the first report, he wished to emphasize a theme that they believed was central to development and which they suggested the secretariat might investigate more fully in the second and succeeding reports. While the first report contained many suggestions for actions by the developed countries to enhance development, as well as prescriptions for changes in the existing global economic system, it was silent on action the developing countries themselves might take to further their own development. The gloomy prognosis contained in part IV, chapter 2, of the report was based largely on the assumption that there was a fixed mathematical relationship between the growth rate of developed countries and that of developing countries. Yet disaggregation showed that this assumption rested on a very shaky foundation. The developing countries that had experienced the fastest rates of growth were generally those most tied by trade to the world economy; the rates of growth of such countries far exceeded those of their developed country trading partners. Conversely, the developing countries with the slowest growth ratios were those which had been least integrated into the world economy. This should be cause for hope for other developing countries. He believed that the secretariat might do well to examine what it was that set apart the more successful countries from those less successful. Such an examination might reveal that the internal policies of these countries were important factors in their success. He suspected that, among other measures, they had chosen trade, exchange rate, and internal pricing policies which rewarded local producers of locally consumed, as well as exported products.

120. The representative of Iraq noted that the report's extensive review of the world economic situation revealed it to be far from encouraging. World trade had declined in 1980, there were serious payments imbalances and exchange rates were fluctuating. It was becoming increasingly difficult for countries to obtain finance in capital markets and protectionist policies were being applied egotistically on a large scale, without any regard to the interdependence of the world economy, which could only result in continued stagnation that would rebound on the developed countries. The balance-of-payments situation of most developing countries was critical, and the developing countries had met in Baghdad and Caracas with a view to identifying measures to reduce the impact of global inflation on their countries. In that connexion, his country had put forward a project in which it was hoped developed countries would also participate. The President of his country would formally submit this proposal to the next Ministerial meeting of the Group of 77, in August 1982. He felt that the Board should adopt a programme for establishing international trade on a fair and just basis and that the developed countries should give preferential treatment to the developing countries. Moreover, the industrial countries should adhere strictly to international agreements to which they were parties. The position of his Government on the world

economic situation was one of a sincere desire for increasing co-operation at the international and regional levels in order to correct the course of the world economy.

121. The representative of Norway, confining his comments to the discussion of the commodity sector in the report, said that these comments were prompted by the regrettable lack of progress in the field of commodities. His disappointment was to be seen against the background of his country's long-standing commitment to work of UNCTAD on commodities, which was at the heart of the activities of the Conference. Progress had stagnated and, in certain respects, there was now even retrogression. This was happening at a time when commodity prices were at almost record low levels. As a new session of the Conference was being approached, it was appropriate to recall the unanimous adoption, in 1976, of the Integrated Programme for Commodities. That Programme was wide-ranging in terms of objectives and measures and was, moreover, considered a major step towards the establishment of a new international economic order. Considerable efforts and perseverance at the beginning had achieved a certain degree of progress: the Common Fund had been agreed upon; there was an international agreement on rubber, and renegotiations had taken place on cocoa and tin, although with considerable difficulty. There was, moreover, progress in preparatory meetings for certain other commodities. At Manila, the Conference had adopted resolution 124 (V), which emphasized the importance of the Integrated Programme and elaborated on some of its aspects which had until then been left somewhat aside (marketing, processing, development). Since then the pace of progress had slackened: ratifications of the Agreement Establishing the Common Fund for Commodities were lacking and work in the preparatory commission of the Fund and its working groups had hardly advanced at all and seemed to be bogged down in all kinds of technical, administrative and legal difficulties; the agreements on cocoa and tin appeared to be in great difficulty and progress in other preparatory meetings was coming to a halt. The same could be said for the programme based on Conference resolution 124 (V). In several commodity bodies, there appeared to be a lack of understanding of the importance of the Common Fund or of the Integrated Programme as a whole. It was therefore necessary for all to recall that the Programme had been adopted unanimously at the highest level. Experience showed that certain adjustments could, of course, be made. Several products could, no doubt, be excluded from the list where the preparatory work had shown that, for the time being, a basis for commodity agreement regrettably did not exist. But concentrated efforts should be brought to bear on the Programme. Remaining minor obstacles should be overcome so that the Common Fund could be made operational without further delay. For these reasons he felt that the commodity sector should have a major place in the agenda for the sixth session of UNCTAD and that a new impetus to UNCTAD's work in this area was strongly needed.

122. The representative of Hungary said that the international trading system was now being put into question by certain events which were over-shadowing all other problems. The system could only operate on the basis of equality among States, as expressed in legal texts concerning unconditional most-favoured-nation clauses, non-discrimination and the balance of rights and obligations. Furthermore, the trading system involved a contractual concept whereby sovereign States agreed on a code of behaviour, committed themselves to obeying general rules and undertook to refrain from actions which could be harmful to other States. That did not mean that the system should be regarded as something rigid and without exceptions. The need for exceptions was recognized, but the exceptions should be transparent, subject to agreement and under international surveillance.

123. Sovereign States were entitled to define their own political and economic priorities. Equally, it was not for any country to question the validity of any other country's priorities or to interfere in its internal affairs. There were some clear priorities in national economic policy, for example, employment, development and the balance of payments, but the effect of the measures taken in pursuit of those priorities should be considered in terms of the aforesaid principles. He questioned whether the measures which had been taken were non-discriminatory, whether they were in accordance with unconditional most-favoured-nation principles and whether they were not harmful to the legitimate interests of other countries. The danger lay not so much in the current economic situation as such, but in the response of certain countries to that situation, which was being made without taking account of the impact on the world economy in general, on the economies of developing countries, and of smaller developed countries, as well as on the economies of his own region. In some cases, measures were being taken without any regard whatsoever to the given word or to signatures under valid international agreements.

124. With respect to the trade of the socialist countries of Eastern Europe, he stated this was governed by legal instruments and took account of the legitimate interests of all contractual parties. He took exception to the view that, because a country was a socialist country, agreements and contracts could be broken. By such actions some countries were boarding a train to an unknown destination; it was easy to foresee that they would have to pay for the return journey. He noted the attention given in statements by some delegations to trade and economic relations between socialist countries and other countries but he also noted that they had not given thought to what socialist countries received as treatment from their own countries. The grave problems facing developing countries had their roots not in their trade relations with socialist countries, but in their relations with developed market-economy countries. Earlier in the debate, the representative had made an interesting calculation about the aid performance of the socialist countries, deducting from the figure the aid given to some socialist countries that were also developing countries. By the same token, from aid given by western countries one could deduct their aid to African, Caribbean and Pacific countries signatories of the Lomé Convention and to other countries with which they had some specific political links. He wondered what the balance would then show. Moreover, the outflow of capital and interest and profits from the developing countries should also be included in the balance sheet.

125. The representative of Jamaica reiterated his delegation's comment at the twenty-third session of the Board that the report had made a useful contribution to the consideration of agenda items 3 and 4, and he looked forward to the 1982 report. At the last session of the Board, several questions had been posed, for example, by the spokesman for EEC and its member States, as to how UNCTAD would respond to the themes of the report. Group B had accepted the idea of an informal summary of the discussion which had taken place and he noted that such a summary had been made available by the secretariat. That was a positive step in helping to find consensus and it was in that spirit that his delegation had spoken about the need for consultations at the first part of the twenty-third session of the Board. That was necessary if Governments were to consider alternative policy measures.

126. He noted the very high level of debate on protectionism and structural adjustment that was taking place in Sessional Committee II. The world economy was in serious disarray and discussions must be held soon to find solutions. In that

connexion, he drew attention to the work of the Economic Commission for Europe, whose members were almost exclusively developed countries, and noted that a recent report by the ECE secretariat had drawn attention to the distinction between short-run stagflation and long-run stagflation and how short-term remedies which had the effect of depressing growth and investment could exacerbate long-term problems. The Senior Economic Advisers to the ECE Governments had adopted a work programme for 1982-1986 which he considered instructive. They had agreed, inter alia, to an exchange of information and views on current economic problems, the preparation and general orientation of plans, programmes and prospects on the medium- and long-term development of the national economies and economic trends since the early 1970s and their most important long-term implications. They had also raised such questions as the basic causes (internal and external) of the changes in economic trends, the identification of the most important economic policies, the fiscal, monetary and political implications and consequences of the slow-down, and whether the break in economic trends represented temporary or more permanent changes. The Senior Economic Advisers were working on two scenarios for North America, Western Europe and the centrally planned economies. These scenarios incorporated projections to the year 2000, and he considered that these steps represented a serious approach to the problems being faced today. Perhaps that approach could be attempted on a global basis.

127. The representative of Argentina endorsed the concern that had been expressed by many delegations regarding the global economy. In his view, central to the current crisis was the question of protectionism in all its forms. He was not unaware why individual developed countries had taken certain measures, but the problems that all countries were facing could not be solved without internationally agreed measures to strengthen the world economy. At the moment, the weight of adjustment fell on the developing countries, whereas the benefits of economic growth should extend to all members of the international community. Following initiatives by the Group of 77, a more intensive dialogue had developed and it had to be stressed that economic co-operation among developing countries contained no element of confrontation: the developing countries wanted to work together for the good of the world economy.

128. In his view, attention should be focused on issues which appeared capable of solution. That would facilitate the negotiating process among the members of UNCTAD and would be useful in the dialogue leading up to the sixth session of the Conference. In his view, the objective, which should be clearly identified, could be summed up as "co-operation and solidarity".

129. The representative of the Council for Mutual Economic Assistance stated that the present session of the Board was timely in view of the severe global economic problems and the need to prepare for the sixth session of the Conference. He welcomed that fact that UNCTAD had been devoting much attention to problems in the area of international commodity trade, growing protectionism and the negative impact of the activities of transnational corporations on the economies of developing countries. Describing the successful developments of the CMEA countries in recent years, he pointed to the stable and dynamic growth of the economies of those countries and in particular to their rapidly increasing scientific and technological potential. In that connexion, he stressed the positive results achieved by the CMEA countries in the further implementation of the comprehensive programme for socialist economic integration. He underlined that these achievements had been only possible on the basis of a consequent mobilization of the internal resources of the CMEA countries themselves. The implementation of

this policy would contribute to uniting the efforts of these countries in the interest of resolving the major national economic problems, developing their national economies in a dynamic and stable way and evening out their economic development levels. He drew attention to the two documents which had been made available to the Board, under cover document TD/B/898, which provided detailed information on the co-operation of CMEA countries with developing countries and on economic developments in the CMEA countries. 10/

130. Stating that their economic progress would contribute to the further development of the developing countries, with whom CMEA and its member countries co-operated closely, he described the basic characteristics of the trade and collaboration arrangements between CMEA countries and developing countries and referred to the expansion of scientific and economic ties between them. The successful development of the CMEA countries provided a solid basis for dynamically expanding economic relations with developing countries. Relations between the CMEA countries and developing countries were based on the principles of equal rights and of mutual benefit. He stressed that member countries of CMEA condemned practices in international trade which interfered with national sovereignty, and that his organization welcomed exchanges with UNCTAD on these important economic matters.

131. The spokesman for the Group of 77 noted the reference in the statements by the representative of a developed market-economy country and by the spokesman for Group B to certain written comments which had been made on the Trade and Development Board, 1981. He asked that those comments be made available to the Board, as they would assist all groups in their consideration of the Report.

Action by the Board

132. At the 580th meeting, on 19 March 1982, the Board decided to refer draft resolution TD/B/L.360 on the interdependence of problems of trade, development finance and the international monetary system to its twenty-fifth session for further consideration and appropriate action (see annex II).

133. At the 581st meeting, also on 19 March 1982, the President stated that draft decision TD/B/L.606 on access by developing countries to international capital markets was being withdrawn by its sponsors and that agreement had been reached in informal consultations on a revised draft, which he was submitting in his own name and the text of which he read out (subsequently issues as TD/B/L.622).

134. At the same meeting, the Board adopted without a vote the draft decision submitted by the President (for the text, see annex I below, decision 252 (XXIV)).

CHAPTER II

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

(Agenda item 2)

135. This item was referred to Sessional Committee I for consideration and report. 11/

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

136. The Board had before it the report "The effects of the discriminatory and unfair civil aviation practices employed by the developed countries on the growth of air transport in developing countries" (TD/B/860), prepared by the UNCTAD secretariat in response to resolution 119 (V).

Consideration in Sessional Committee I

137. The Chairman noted that the report had been introduced by the UNCTAD secretariat at the twenty-third session of the Board.

138. The spokesman for the Group of 77 observed that, so far, the Board had only a preliminary study of one industry in the service sector for its consideration. He wanted studies on such areas as banking and insurance as well and asked that this item be kept on the agenda for the next session of the Board.

139. The spokesman of Group D reiterated his Group's position as expressed at the fifth session of UNCTAD and confirmed that it would be ready to take note of the report.

140. The spokesman for Group B stated that the position of his Group was well known. Resolution 119 (V) stemmed from a bilateral dispute which had since been solved. His group still felt ICAO was the proper forum for this subject. He recalled that his Group had voted against or abstained when resolution 119 (V) was adopted in Manila. Accordingly, it would only agree to take note of the report.

141. The spokesman for the Group of 77 regretted that Group B was still not willing to discuss this matter. He pointed out that the resolution had called on developed countries to eliminate all discrimination in the services sector. He knew that there were matters which might be of interest to other international organizations but this was one of trade, and he could not see how it could not be an UNCTAD matter.

142. The spokesman for Group B asked the spokesman of the Group of 77 which body in UNCTAD should examine the report submitted under this agenda item.

143. The spokesman for the Group of 77 replied it was for the Board to decide. If Group B had any ideas, he would be willing to consider them.

144. The spokesman for Group B said that his Group could not have any opinion on where in UNCTAD it should be discussed, since it felt it was a matter for ICAO.

145. The representative of Brazil said that the Latin American countries fully supported the statement made by the spokesman for the Group of 77. He felt the Board's deliberation of this issue should not be limited to aviation. He wanted discussions to comprise all aspects of the services sector and, after a global study was available, the Board might be in a position to draw some conclusion. He emphasized that resolution 119 (V) covered all aspects of the services sector and specifically mentioned three areas: transport, banking and insurance. Moreover, the question of services was undeniably included in the mandate of UNCTAD, as was proved by the very fact that the question of "protectionism in the services sector" was under discussion in Sessional Committee I. He felt that a comprehensive study on services could either be considered in sessional committees or in the plenary of the Board. There should not be a piecemeal solution, but a broad review.

146. At the closing meeting, on 18 March 1982, the spokesman for the Group of 77 introduced a draft decision (TD/B(XXIV)/SC.I/L.4), submitted by Jordan on behalf of States members of the Group of 77. He emphasized that the Group of 77 wanted to co-operate and would consequently not press for a vote on this matter at present. He recalled that Conference resolution 119 (V) had noted with concern the protectionist devices employed by developed countries against developing countries, and that it had called upon the developed countries to eliminate all unfair practices in the services sector. He therefore hoped the other groups would be able to support the draft decision. He felt it was quite proper for UNCTAD to study this issue and that the Board should discuss the findings of the studies of the UNCTAD secretariat on all aspects of protectionism in the services sector and then decide what the next step should be.

147. The spokesman for Group B stated that his Group was becoming more and more concerned over all the trade matters which were being proposed for discussion simultaneously in various forums in UNCTAD. These discussions were all closely connected. He drew attention specifically to the ongoing work in Sessional Committee II, where Group B had agreed to a draft which incorporated "services", on the express understanding that these would not be brought up in Sessional Committee I or elsewhere. He felt that the draft under consideration in Sessional Committee II covered the Group of 77's concerns amply. He reiterated that his Group had either voted against or abstained when Conference resolution 119 (V) had been adopted. Consequently, he proposed that this matter be referred to the Contact Group of the President of the Board for consideration.

148. The Spokesman for Group D observed that the draft decision had been tabled very late and that his Group consequently had not had time to consider it in depth. The general view of his Group was that any activities of UNCTAD in the field of protectionism had to be tackled on a universal basis, taking into account the problems of all countries, and he asked that during future negotiations this view should be taken into account. However, he could agree to the proposal that the matter be referred to the President's Contact Group.

149. The representative of China supported the idea of carrying out a general study on the services sector as proposed by the Group of 77. He noted that the draft decision had been introduced very late and that his delegation had had no time to consider it in depth. However, he was sure that they would consider it in a positive way.

150. The spokesman for the Group of 77 thanked the representative of China for his positive views. He regretted the late formal submission of the draft decision but

pointed out that the suggestion for the study had been made in the first statement by the Group of 77. He also thanked Group D for its sympathetic attitude. He regretted the many trade problems which were coming up in UNCTAD but pointed out that these were by no means of the Group of 77's making. The Board should not fear to study these problems boldly. While trade in manufactures had occupied UNCTAD a great deal, it had not seriously studied protectionism in the services sector. However, he could support the proposal to remit the matter to the President's Contact Group together with resolution 119 (V) and the record of the current discussion.

151. At its closing meeting the Sessional Committee decided to remit the subitem and the draft decision (TD/B/(XXIV)/SC.I/L.4) to the Contact Group of the President of the Board.

Consideration in plenary

152. At the 581st meeting, on 19 March 1982, the President informed the Board that he had been advised that draft resolution TD/B(XXIV)/SC.I/L.4 had been withdrawn by its sponsors.

B. Conference resolution 125 (V): Complementary facility for commodity-related shortfalls in export earnings

153. This item was considered in Sessional Committee I in conjunction with matters arising from the first special session of the Committee on Commodities, under agenda item 8 (a) (see chap. IV, A below).

C. Conference resolution 127 (V): Economic co-operation among developing countries 12/

154. At the second part of its twenty-third session, the Board unanimously authorized its President to undertake consultations before its twenty-fourth session with a view to arriving at an acceptable solution to the problems underlying the activities within UNCTAD on economic co-operation among developing countries. 13/

155. The Board had before it a report by the President of the Board at its twenty-third session, Mr. Hassan Ali Dabbagh, entitled "The role of UNCTAD in support of economic co-operation among developing countries" (TD/B/892). Introducing his report at the 572nd meeting, on 9 March 1982, Mr. Dabbagh expressed his appreciation to all those, representing a wide spectrum of views, with whom he had had consultations, including the UNCTAD secretariat, in an effort to resolve an issue which was of particular delicacy. Stressing that the report and the analysis of views, suggestions and guidelines put forward therein were his personal responsibility he expressed the hope that the report would commend itself to the Board and form a basis for the solution of the problems involved.

156. Representatives of all groups expressed their appreciation to the former President of the Board for the manner in which he had conducted his consultations and for the report which was now before the Board for consideration.

157. The spokesman for the Group of 77 stressed that economic co-operation among developing countries was a major activity of the Group of 77, approved at the highest political level, and was an essential element in the efforts of the

international community to build a new international economic order. In expanding their activities in the field of ECDC, the developing countries were not only helping themselves but also contributing to the prosperity of the developed countries in an interdependent world. He suggested that further consultations should be held with a view to agreeing on an acceptable solution.

158. The spokesman for Group B expressed his Group's thanks to the former President of the Board for the efforts he had put into his consultations. While the former President's report was a step in the right direction, Group B countries still had substantial difficulties with parts of it. The most appropriate course would therefore be to defer consideration of the report, and to allow the consultations to continue with the aim of bringing about a generally acceptable solution. There had been complete agreement during the consultations on the importance of ECDC as an essential element in the development of developing countries; that should be an encouragement for continued efforts to solve the procedures involved. Group B hoped that the former President of the Board would be ready, subject to the agreement of the Board, to continue his consultations in the period leading up to the next session of the Board.

159. The spokesman for Group D stated that, while the consultations had produced some positive results, the countries of his Group still had certain difficulties, in particular with regard to the role of the Committee on Economic Co-operation among Developing Countries as proposed by the former President. He supported the suggestion that consultations should continue with a view to finding a generally acceptable solution.

160. The representative of China said that ECDC was an important component of the efforts of developing countries to reform existing international economic relationships. The economic co-operation among developing countries and the strengthening of their collective self-reliance had not only been conducive to the development of the economies and of the trade of the developing countries, but had also provided a great impetus to the establishment of a new international economic order. The Committee on Economic Co-operation among Developing Countries should, within its competence, review and co-ordinate the various activities in the field of ECDC and provide, upon request, certain conference facilities and other possible assistance. At the same time, it should enable all members of UNCTAD to keep abreast of developments in this area. In the view of his delegation, ECDC activities should reflect the interests not only of the members of the Group of 77 but also of developing countries that were not members of that Group. With regard to the distribution and classification of documents by the UNCTAD secretariat, China considered that the documentation should be such as to facilitate close co-operation among all parties concerned.

161. The representative of Israel stressed the importance which his Government attached to ECDC and the contribution that his country had made to it for more than a quarter of a century. He also reiterated the often expressed view of his Government on the question of universality, equality and sovereignty in respect of ECDC programmes, as well as of meetings of governmental experts of developing countries convened in accordance with paragraphs 13 and 15 of Conference resolution 127 (V). Together with other countries concerned, his country insisted that participation in such meetings should be open to all interested developing countries. Consequently, although his delegation was grateful for the efforts made by the former President of the Board, certain of his proposals and conclusions were quite unacceptable.

162. The representative of the Syrian Arab Republic stated that Israel should not participate with the Group of 77 in meetings on ECDC because it did not abide by the rules and principles governing the cohesion and solidarity of the Group of 77. Everyone knew that Israel had occupied and still was occupying some Arab territories and depriving the Arab Palestinian nationals of their sovereign rights. It was strongly opposing the establishment of the Palestinian State and, moreover, was objecting to the return of Palestinians to their homeland where they could decide on their future destiny and self-determination. By so doing, Israel was defying all resolutions sponsored by the Group of 77, particularly those that called upon Israel to withdraw from the occupied Arab territories and those that called for the establishment of the Palestinian State and the return of the Palestinians to their homeland. Hence, it was impossible for Israel to join in the efforts of ECDC because it had already, by its attitude and deeds, chosen to be in juxtaposition to the Group of 77.

163. At the 580th meeting, on 19 March 1982, the President stated that it was apparent that more time was required for consultations on the report to be completed by the former President and the question of ECDC activities in UNCTAD. There appeared to be a consensus that the former President of the Board should pursue and conclude the consultations on this matter, with a view to reporting to the Board at the resumption of the twenty-fourth session. Should it be necessary to continue consultations during the resumed session, it was understood that they would be informal and thus would not deter the Board from its primary task of finalizing the provisional agenda for the sixth session of UNCTAD.

Action by the Board

164. At the same meeting, the Board agreed that the former President, Mr. Hassan Ali Dabbagh (Kuwait), should be requested to continue the consultations he had undertaken since the close of the twenty-third session of the Board, in co-ordination with the President of its present session, Mr. Gabriel Martínez (Argentina), in order to reach by the second part of the twenty-fourth session, to be held in May 1982, a generally acceptable solution to the problems underlying the activities within UNCTAD on economic co-operation among developing countries.

165. The Board further decided that, should it not be possible to present to it an agreed proposal at the second part of its twenty-fourth session, the consultations would be continued during that session on an informal basis so as to enable the Board to concentrate its attention on the provisional agenda for the sixth session of the Conference (see annex I below, Other decisions, (d)).

166. The former President, expressing his appreciation to the President, and to the members of the Board, said that he would be honoured to continue his consultations in co-ordination with the President and would do everything possible to bring them to a successful conclusion.

167. The spokesman for Group B, reiterating the importance that his Group attached to ECDC assured the former President of his Group's support in the completion of his task. He also strongly endorsed the understanding that, at its resumed session, the Board had to spend by far the greatest part of its time on the provisional agenda for the sixth session of UNCTAD.

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

168. For its consideration of this item, the Board had before it the statement by the Director of the Manufactures Division, on behalf of the Secretary-General of UNCTAD, at the 4th meeting of Sessional Committee I of the twenty-third session of the Board, on 1 October 1981, 14/ and a draft resolution (TD/B (XXIII) /SC. I/L. 7/Rev.1) on developments in the international trading system, submitted by Gabon on behalf of States members of the Group of 77, during that session. 15/

Consideration in Sessional Committee I

169. The Chairman of the Sessional Committee recalled that, at the first part of its twenty-third session, the Board had had before it a report by the UNCTAD secretariat on issues for examination in connexion with the Board's evaluation of the multilateral trade negotiations (TD/B/861) and that, at its 565th meeting, the Board had decided to remit to its twenty-fourth session the issue of multilateral trade negotiations (Conference decision 132 (V)), together with the draft resolution and the statement by the representative of the Secretary-General of UNCTAD. 16/

170. He further recalled that the General Assembly, in its resolution 36/145 of 16 December 1981, had stressed the need to review developments in international trade, including those arising from the implementation of the results of the multilateral trade negotiations and, in this context, emphasized that UNCTAD had an important role to play in considering multilateral trade in general and in formulating principles and policies relating thereto. The Assembly had also noted that proposals in this context were to be further examined by the Board at its twenty-fourth session.

171. The Director of the Manufactures Division, speaking on behalf of the Secretary-General of UNCTAD 17/ and recalling the statement he had made at the twenty-third session which was before the Committee, 18/ indicated that the secretariat's analysis of the results of the multilateral trade negotiations had led to the conclusion that serious contradictions existed in the system which called into question its efficacy as a framework for international trade relations in the dynamic trading world of the 1980s and 1990s, and it was considered that the situation was critical enough to warrant serious reflection. He had suggested several questions which might be addressed as a matter of priority and, in consequence, his remarks at this stage were designed to elaborate upon the secretariat's thinking with respect to the new characteristics of the system and on some of the possible priority areas for further study.

172. In the previous statement, he had observed that the MTN and related negotiations had resulted in a further reduction in traditional fixed devices of protection, notably customs tariffs and, to some extent, "residual" quantitative restrictions. While, obviously, trade-weighted tariff averages were subject to all sorts of interpretation and, inter alia, depended very much on the extent to which they included in the equation large duty-free imports of industrial raw materials and energy products or excluded certain measures akin to tariffs, such as variable levies, which might be the principal means of protection with respect to particular products, the fact remained that tariffs were still high for those processed and manufactured products viewed by developing countries as their stepping-stone towards industrialization.

173. The reasons for this situation appeared to be fairly obvious, since the developed market-economy countries were not only unwilling to grant trade concessions on products where they clearly had lost their comparative advantage to developing country exports but also were uninterested in seeking concessions on such products. On the other hand, individual developing countries did not possess the bargaining strength necessary to extract concessions from developed countries in trade negotiations based on the expectation of reciprocity. This situation had been exacerbated in certain cases where advantages which developing countries could expect to enjoy from the application of unconditional most-favoured-nation treatment had been frustrated by other measures and special conditions. Another reason for this unevenness seemed to be the strength of the lobbying efforts of protectionist interests in the major trading countries. One further element which needed to be assessed in more precise terms was the possible correlation between the degree of internationalization of production and internationalization of trade through corporative channels and the depth of "concessions" which smaller trading countries had been able to secure or benefit from in multilateral negotiations conducted under both the "most-favoured-nation" principle and reciprocity involving relative trade-offs. The extent of internationalization of production may also have a bearing on the development of concepts like "acceptable" market penetration, an issue which had arisen in various sectoral negotiations.

174. He said that another observation drawn from the analysis of the post-MTN system was the relative importance given to what might be described as "flexible" measures of protection applied contingently upon determination of the existence of certain criteria. "Escape clauses", "anti-dumping duties", "countervailing duties", and so on, enabled the developed countries to protect their domestic industries against injury from both "fair" and "unfair" competition. As tariff barriers had been reduced, these mechanisms had risen to the forefront among the various tools of trade policy. Unfortunately, the equitable use of these flexible measures depended upon a strictly impartial interpretation of criteria such as "injury" or "market disruption", whose interpretations were largely left to the importing country concerned.

175. He said that the secretariat analysis viewed the trend towards a greater dependence on flexible measures of protection as a step toward more "managed" trade, under which Governments controlled, set, or encouraged the setting of parameters for prices and/or quantities of imports. A serious problem arose when managed trade was not identified as such, but evolved gradually through a corruption of the criteria designed to justify the application of flexible protective measures, for example, in the cases of anti-dumping duties and the Multifibre Arrangement.

176. He said that the application of flexible measures of protection were, as would be expected, the goal of domestic producer interests wishing to reduce import competition. In this context, he recalled that experience had shown that the existence of an impartial, independent body with the responsibility of determining whether criteria governing such concepts as "injury" were met, could place limits on the use of flexible measures of protection. Unfortunately, however, where such bodies existed, their analyses were largely conducted within a narrowly defined domestic context.

177. In the statement to the twenty-third session of the Board, it had been suggested that there had been a considerable decline in the role of the unconditional most-favoured-nation clause - the basis of multilateralism - as the

underlying principle for international trade relations. If that basis were ignored, preferential treatment on a generalized, non-discriminatory and non-reciprocal basis for developing countries would surely become meaningless.

178. He said UNCTAD had also expressed concern over what had been termed the "resurrection" of so-called "conditional most-favoured-nation treatment". Such a "conditional" approach clearly constituted the antithesis of the non-reciprocity principle embodied in the Tokyo Declaration and Part IV of the GATT.

179. He noted that it was possible to detect, from the results of the MTN and related developments, a trend away from the establishment of the universal system which had been foreseen in Havana in 1948 and was an objective which UNCTAD had been assigned the task of studying. One major aspect in which the current international trading system had fallen short of universality had been its failure to integrate centrally planned economies and developed market-economy countries into a common system. The formal contracting party status in GATT of certain centrally planned economies had not enabled them to enjoy full GATT treatment.

180. Regarding the integration of developing countries into the system, he said this had been the subject of many studies in the past and there were many more aspects of this problem than could be dealt with adequately at the present session of the Board. During the MTN, initial efforts had been made to establish special procedures for negotiations between developing and developed countries, but these attempts had later been abandoned. Closer analysis showed that very few clauses in relation to "special and differentiated" treatment had been reflected in the domestic laws implementing the MTN results.

181. Regarding "contradictions" in the existing international trading system, the secretariat's thesis was that, while the participants in international trade, particularly the major participants, were willing to express a strong commitment at high political levels and in multilateral forums to a "liberal" or "open" system based upon the neoclassical theory of world trade, exceptions to such a commitment usually materialized in the course of specific negotiations relating to real products and implying real problems being caused for real people, especially when such negotiations were conducted at a bilateral level.

182. He added that, although it was foreseen that developing countries would "graduate" by assuming higher degrees of commitment and responsibility, doubts were now being expressed as to whether the present international trading system could guarantee even the maintenance of their present access to future markets, let alone future improvements in access conditions. That uncertainty called into question the wisdom of economic development plans based on the assumption of export-oriented, or export-stimulated, growth and led to the reluctant conclusion that perhaps inward-looking growth models were a more realistic economic policy option, given the present unpredictable situation.

183. In his view, all participants in international trade had an interest in the maintenance of an effective framework against which to conduct their trade relations, and smaller trading partners had the greatest stake in such a framework, given their individual lack of effective bargaining power in general. An appropriate first step towards strengthening the international trading system would be to examine the underlying reasons for the contradictions which had been observed, to assess whether they represented temporary anomalies arising from the current world economic situation, or rather symptoms of more fundamental and more

dangerous weaknesses in the system. He then suggested certain questions or problem areas which might be considered among those warranting initial and priority attention. The first step towards a more universal system could be an attempt to establish mutually acceptable principles, rules and practices for trade between developed market-economy countries, developing countries and centrally planned economy countries, as well as within these groups of countries themselves. Priority areas for further work seemed to be the concepts of "reciprocity" and "non-discrimination" - in the context of centrally planned economies' relationship to the system - and "non-reciprocity", "preferential" (or special and differential) treatment and "graduation" in trade relations involving developing countries. Another question could be that of establishing rules for the negotiation of concessions and commitments and for their application which were clearly understood, precise and non-discriminatory, the reversal of the dangerous trend towards the so-called "conditional" application of the MFN clause, with an improved framework for the negotiation and exchange of concessions, and preferential arrangements for developing countries to seek and obtain concessions for products for which they were not the principal supplier.

184. Another extremely important issue was that of devising adequate mechanisms for assuring predictable and equitable adjustments to shifts in international comparative advantage. The current proliferation of safeguard measures against so-called disruptive imports from so-called low-cost suppliers appeared extremely inequitable, and a workable international trading system would have to include effective mechanisms for dealing with this phenomenon, including the establishment of an effective, non-discriminatory safeguard clause. If, on the other hand, it were concluded that a "managed" approach was more realistic, it would be essential for agreement to be reached on a set of rights and obligations to govern agreements to manage trade which would ensure equity for all participants, some meaningful logic, and consistency with development considerations.

185. A further objective to be explored would be that of having the principles, rules and commitments of the international system reflected to a greater extent and in a more consistent manner in domestic legislation. Priority might be given to exploring the possibility of incorporating common terminology of key criteria, such as "serious injury" and "special and differential treatment for developing countries" and related concepts, into the domestic laws and related procedures of as many trading countries as possible.

186. He said that, subsequent to the submission of the draft resolution TD/B (XXIII) /SC. I/L.7/Rev.1 at the twenty-third session of the Board, calling the Board to undertake an annual review of developments in the international trading system, the General Assembly, in resolution 36/145 had stressed the need to review developments in international trade, including those arising from the implementation of the results of the multilateral trade negotiations, and had emphasized that UNCTAD had an important role to play in considering multilateral trade in general, and in formulating principles and policies relating thereto. The Assembly had also noted that proposals in this context were to be further examined at the twenty-fourth session of the Board. He concluded that the subject of the international trading system was a matter central to the competence of UNCTAD in carrying out the tasks assigned to it in General Assembly resolution 1995 (XIX). In that resolution, the Conference had been charged with the review, in the light of experience, of the effectiveness and further evolution of institutional arrangements with a view to recommending such changes and improvements as might be necessary, and to that end, to study all relevant subjects, including matters

relating to the establishment of a comprehensive organization to deal with trade and trade in relation to development. It was essential, in the challenges confronting the trading world of the 1980s, that UNCTAD live up to its responsibilities in this area.

187. The representative of Canada observed that much of the analysis and several of the ideas presented by the Director of the Manufactures Division, in his introductory statement, were covered in document TD/B/888, which was before Sessional Committee II for consideration, and he felt that this could lead to duplication in the work of the two Sessional Committees. He added that the Director's statement merited serious consideration, as it referred to major trade issues of interest to all groups of countries, not only North-South but also East-West as well as South-South.

188. The representative of Pakistan highlighted the importance of the Director's statement in view of its relevance in the post-MTN system which would encourage discussions within Sessional Committee I, notwithstanding the possibilities of overlap with the work of Sessional Committee II. He welcomed the trend of the debate, expressing the need for a close examination of those principles that governed the present international trading system. He pointed out that, in the post-MTN period, there were disconcerting trends. For instance, there was a clear trend towards increasing protectionism, as evidenced in the textile negotiations. A most disturbing trend was that of showing complacency on the grounds that enough had been given to developing countries in the Enabling Clause, a feeling that was confirmed by the introduction of graduation. In addition, the concept of graduation had been refined and there was an emerging trend for its application in the sectoral sense. He concluded that there was a need for an examination of how the MTN codes had failed and noted that some codes had been used as a kind of tariff barrier, undermining the rights of the developing countries.

189. The representative of Venezuela, supporting the statement by the Director of the Manufactures Division, indicated that, in the light of the crises of the international trading system, and of GATT in particular, it was essential that UNCTAD respond to its mandate in General Assembly resolution 1995 (XIX). He also observed that the possibility of some overlap with the work of Sessional Committee II did not prevent the Committee from discussing the issues which had been assigned to it by the Board.

190. The representative of Australia said that he could agree with most of the statement by the Director of the Manufactures Division. It was important to address the movements in the international trading system, at least from the perspective of the MTN. He stated his country's long-held view that the system was weighted against the developing countries: they faced higher tariffs, the MTN codes were not balanced, and, in the area of agriculture, there were practices that were largely unattended in the MTN. He pointed out that the developing countries could not be asked to assume obligations that the developed countries themselves were not prepared to abide by. In that connexion, he found that the analysis presented in the statement by the Director demonstrated how unevenly the present system was applied to all its members.

191. The spokesman for Group B thanked the Director for his stimulating statement and noted that it contained fresh elements which deserved careful consideration. Time was needed for such consideration and he observed that fundamentally new ideas expressed by the secretariat at a session of a body could circumvent the six-week rule.

192. The spokesman for Group D, expressing appreciation for the high-level and thought-provoking statement, indicated that, although his Group could not agree with all the ideas expressed by the Director of the Manufactures Division, he was convinced that the statement provided the basis for a meaningful discussion. He requested that the statement be circulated as an official document (see foot-note 21 above).

193. The representative of Sri Lanka indicated that the statement by the Director quite rightly examined the very basis of the present international trading system. It clearly highlighted the various devices, such as "voluntary export restraints" and "orderly marketing arrangements", which had proliferated recently, and which were used for controlling or managing exports from developing countries, once they had achieved a position of comparative advantage. He also agreed that there had been a serious weakening of the unconditional most-favoured-nation principle, even in the application of the MFN codes. The present ad hoc system of international trade relations, which might be a pragmatic way of doing things, was not the best possible one. He concluded that the approach being proposed for a post-MFN international trading system deserved the closest attention and merited serious consideration.

194. The representative of Madagascar expressed her gratitude for the lucid and stimulating statement by the Director of the Manufactures Division and joined other delegations in supporting its reproduction in all official languages. She said that the present system was political rather than juridical in nature and that, in its present form, it benefited exchanges between a limited group of developed countries. She welcomed the proposals by the secretariat presented for consideration by the Board, saying that they would constitute a basis for a global international trading system. The matters to be examined by Sessional Committee I would complement the work of Sessional Committee II.

195. The spokesman for the Group of 77 expressed appreciation for the lucid introductory statement by the Director of the Manufactures Division and felt that it raised many pertinent points deserving extensive consideration by the Board.

196. He recalled that, subsequent to the adoption of decision 132 (V), the Board had engaged itself in the exercise of evaluating relevant developments in the international trading system arising from the implementation of the results of the MFN. The initiative taken by the Group of 77 in submitting draft resolution TD/B (XXIII) /SC. I/L. 7/Rev.1 at the twenty-third session sought to ensure further consideration of this item in the context of a comprehensive and annual review of developments in the international trading system covering, in particular, the rules and principles governing the functioning of such a system. It was to be noted that the General Assembly had recently imparted complementary directives pertaining to the work of UNCTAD in respect of this item. General Assembly resolution 36/145, paragraph 7, stressed "the need to review developments in international trade, including those arising from the implementation of the results of the multilateral trade negotiations, and, in this context, emphasizes that the United Nations Conference on Trade and Development has an important role to play in considering multilateral trade in general and in formulating principles and policies relating thereto". That was a reiteration of the original mandate of UNCTAD contained in General Assembly resolution 1995 (XIX) which, in paragraph 30, assigned to UNCTAD the duty to "review, in the light of experience, the effectiveness and further evolution of institutional arrangements with a view to recommending such changes and improvements as might be necessary". In consequence, he stated that this

exercise could not be limited to an evaluation of the MTN but, in response to the directives of the General Assembly, was to be a broad review of the international trading system, to be undertaken on a yearly basis.

197. He welcomed the suggestion by the Director that "an appropriate step towards strengthening the international trading system would be to examine the underlying reasons for the contradictions which have been observed". Other proposals advanced by the secretariat deserved further reflection and could be taken up at a later stage. An appropriate first step would be to retain the idea of having a thorough study of the rules and principles governing the international trading system, including those resulting from the multilateral trade negotiations. This should form part of the annual review of the system and would enable the Board to give a positive response to General Assembly resolution 36/145.

198. He recognized that this matter required in-depth consideration and that the process could possibly be extended to the next session of the Board. He indicated that as a result of consultations amongst members of the Group of 77 the following conclusions had been reached:

(a) The Group maintained the view, reflected in draft resolution TD/B(XXIII)/SC.I/L.7/Rev.1, that an annual review of developments in the international trading system should be undertaken by the Board;

(b) Paragraph 7 of General Assembly resolution 36/145 constituted a guiding factor for the future work on this subject.

199. The spokesman for Group B recalled his response, at the twenty-third session of the Board, to an "extremely stimulating statement" which the Director of the Manufactures Division had made at that session, and thanked him for the further challenging remarks made at the present session.

200. He referred to the debate in Sessional Committee II, that had rapidly moved beyond group statements to a more widely-based exchange of views permitting the expression of a wider variety of shades of opinion. Group B welcomed this development and believed that it was to be encouraged as much in Sessional Committee I as in Sessional Committee II. He did not intend to offer a detailed response by his Group, but rather wished to make a few general remarks by way of introduction to the range of statements which were to be made by delegations of Group B countries during the course of the debate.

201. He felt that it was inevitable that the lengthy and thought-provoking statement contained views with which the countries of Group B could not all agree. It was equally inevitable that the statement included elements which found a stronger echo in some delegations than in others, and that perceptions were likely to vary as to which avenues of thought should be pursued most vigorously. It was right that individual delegations had to focus on those aspects which were of the greatest interest to them.

202. A perception shared by all members of Group B underlying the statement and the questions raised was a recognition of the value of the liberal multilateral trading system and the need to preserve it in the face of the pressures which world economic difficulties generated. Therefore they would readily agree with the comment of the Director of the Manufactures Division that "all participants in international trade had an interest in the maintenance of an effective framework against which to conduct their trade relations".

203. Many member countries of Group B would endorse one of the possible conclusions about the international trading system, presented in the Director's statement six months earlier, that "through pragmatic ad hoc adaptations the system ... is responding to the needs of a changing international environment". But the representative of Pakistan, in an early response to his statement, had rightly counselled all against complacency. It was therefore right and necessary to have a frank and thorough exchange of views on matters of importance to all. In that context, he repeated the questions raised by Group B at the twenty-third session of the Board, namely, the nature, scope and need for the review that was being proposed in the draft resolution of the Group of 77, just referred to by its spokesman, of developments in the international trading system; the relationship of any such review to all other UNCTAD work in the trade field, such as that being undertaken in Sessional Committee II or in connexion with consideration of Trade and Development Report, 1981, and the complementarity of work undertaken in this field in UNCTAD, on the one hand, and in GATT, on the other.

204. The spokesman for Group D stated that since the conclusion of the MTN, members of his Group, individually and collectively, had on several occasions expressed their views on that subject.

205. He recalled that, during the twenty-third session of the Board, members of Group D had generally supported the draft resolution submitted by the Group of 77 (TD/B (XXIII) /SC. I/L.7/Rev.1) and considered that it contained substantial and institutional elements on which future work of UNCTAD must be based. He emphasized that the General Assembly, in its resolution 36/145, had stressed the need to review developments in international trade, including those arising from the implementation of the results of the MTN.

206. He viewed the statement by the Director of the Manufactures Division as a continuation of the statement he had made at the previous session of the Board. He considered the statement of very high quality, touching upon the main problems of the so-called post-MTN trading system, and indicated that the problems mentioned therein were also relevant to the socialist countries, which were subjected to different kinds of protectionist measures, discriminatory quantitative restrictions and other unilateral, arbitrary actions introduced against them also on political grounds.

207. Referring to the present international trading system, he indicated that its greatest dangers were the highly increased level of uncertainty and the fact that certain developed market-economy countries infringed upon their multilateral or bilateral agreements and/or contractual obligations and tried to institutionalize their non-compliance with the existing rules. The price of this kind of "flexibility" was paid by the competitive exporters and especially by the smaller participants in international trade.

208. Group D felt that international trade must be based on two pillars: unconditional most-favoured-nation treatment and non-discrimination; difficulties were to be solved within, and not outside, these underlying principles, irrespective of the participants' economic or social systems, or their different levels of development. The misuse, denial or lack of the unconditional most-favoured-nation clause had become, in the case of certain developed market-economy countries, a means of not only political but also economic pressure.

209. He held the view that some countries were discriminated against because they were so-called "low cost" ones, others because they were "newly-industrialized",

others because they were socialist countries. The socialist countries, members of Group D, rejected this kind of arbitrary and unilateral approach and actions used against them, and could not accept that the principle of unconditional MFN treatment and non-discrimination be substituted by that of reciprocity. Within that context, he considered paragraph 25 of the statement by the Director of the Manufactures Division to be unacceptable. What was needed, first of all, was not to invent new principles but to observe, to the fullest extent, the present ones and on that basis to try to solve specific problems arising in international trade.

210. He referred to the important role that UNCTAD had played, and would continue to play, in solving the problems of the present trading system, and hoped that in carrying out this task, laid down in General Assembly resolution 1995 (XIX), all basic principles established therein would be observed.

211. The representative of China emphasized the need to continue discussion of the question of MFN in accordance with Conference decision 132 (V) and Board decision 214 (XX).

212. He supported the developing countries in their demand for a review of and an attempt to solve the issues of interest to them arising in the multilateral trade negotiations. He pointed out that tariff cuts resulting from the Tokyo Round had brought little benefit to the developing countries. On the contrary, the "differential treatment" adopted by the major developed countries had eroded the developing countries' entitlement to benefits under the GSP. He further pointed out that the question of "safeguards" and quantitative restrictions and the question of tariff escalation all remained unsolved. The various kinds of restrictive measures taken by the developed countries had affected the export of not only manufactured and semi-manufactured goods but also agricultural produce, including tropical products, foodstuffs, textiles and garments from developing countries.

213. In the post-MFN period, the continuing rise of protectionism had seriously affected the normal development of international trade. The rising protectionism was closely related to the international trading system. The analysis of the existing international trading system made by the Director of the Manufactures Division and his views regarding solutions fully concurred with the facts and the requirement for the establishment of a new international economic order. Therefore, the elimination of the defects in the international trading system was an important issue having a bearing on the growth of international trade and the accelerated economic development of the developing countries.

214. He was in favour of the decision of the Conference and the Board that UNCTAD should play a positive role in solving the pending issues of the multilateral trade negotiations and in exploring ways and means to reform the international trading system with a view to promoting the normal development of international trade.

215. The representative of the European Economic Community, thanking the Director of the Manufactures Division for his statements on behalf of the Secretary-General of UNCTAD at the twenty-third and the present sessions of the Board, noted the link between the statements and the secretariat's documentation prepared for the review on protectionism and structural adjustment being carried out in Sessional Committee II. He also recalled the statement made by the Community in that Committee. Regarding the MFN clause, he said this remained and must remain the basis of international trade relations. The many derogations in favour of the

developing countries, and the creation of customs unions and free-trade areas, had contributed to the liberalization of trade. Under the Enabling Clause, developing countries could establish their own preferential arrangements and participate more fully in the GATT system as they became more developed, including the consolidation of tariffs and a greater participation in the MTN codes. Regarding EEC tariff barriers, it was inexact to say these were two to three times higher against developing country exports - EEC's own trade-weighted tariff applied to developing country products was only around 3 percent, excluding petroleum. The Community had a policy of market openness to goods from developing countries. In the view of EEC, no analysis could be complete if it did not take account of high tariffs in developing countries or the lack of opening-up of markets in Eastern European countries. UNCTAD work on the draft inventory of non-tariff barriers should take full account of work being undertaken in GATT and the Economic Commission for Europe (ECE).

216. He could not accept that the "flexible measures of protection" mentioned by the Director were necessarily protectionist or were outside international rules. However, some points needed to be made. It was necessary to ensure that certain restrictive measures did not harm trade flows or endanger the international trading system. The developed countries could not expect to persuade the developing countries to participate in an open trading system which they did not themselves respect. However, the Multi-Fibre Arrangement was an internationally negotiated legal framework designed to assist structural adjustment. Many other measures which had been cited were not incompatible with GATT. On the other hand, the State-trading system also warranted closer examination. Finally, EEC was ready to support the idea of carrying out studies within UNCTAD of the principles and policies of international trade, covering all groups of countries, in conformity with Conference decision 132 (V) and with General Assembly resolutions 1995 (XIX) and 36/145.

217. The representative of New Zealand said that he could agree with much of the thought-provoking analysis by the Director of the Manufactures Division. Aspects which engaged his delegation's attention included, for example, managed trade where countries had been drive to adopt formulae that might not be in keeping with multilateral ideals, thereby provoking the thought that the system left something to be desired. A central point of the analysis had been the identification of the continuing failure to recognize comparative advantage, and that this lack of recognition was mirrored in the system's rules and regulations. Over the past three and a half decades of the existence of the General Agreement on Tariffs and Trade, the conduct and pattern of world trade had undergone considerable change, and the trading system had come increasingly under threat as a result of economic recession, global shifts in comparative advantage, preferential economic groupings and resort to trade controls, notably in agriculture.

218. He said that successive trade negotiating rounds had succeeded in establishing a freer trading environment for manufactures, but not for agriculture, and tariffs had been replaced as the main form of protection by non-tariff barriers. Long-standing, inherently prejudicial GATT treatment of agriculture was a paramount deficiency of the system. In the case of the subsidies code, agricultural products were accorded different treatment from manufactured products. The Director had been right to point to doubts about the present efficacy of the system. All countries had an interest in an effective international framework for the conduct of trade, and smaller trading partners had the greater stake in such a framework.

219. Commenting subsequently on statements by the representatives of Switzerland and Canada, he said the issues being treated in Sessional Committee I were broader than those being dealt with in Sessional Committee II. Therefore, they were best dealt with separately.

220. The representative of Switzerland, having made a detailed statement on protectionism and structural adjustment in Sessional Committee II, limited himself to a technical commentary on the statements by the Director of the Manufactures Division. He questioned whether the MTN had led to a "new framework for international trade relations", since most negotiations had taken place under specific GATT articles. The Agreement on Government Procurement and the Enabling Clause were almost the only new elements, and the latter particularly benefited developing countries. He could not subscribe to the view that the MFN principle could no longer be considered the keystone of international trade relations, and pointed out that the two main exceptions to that principle - the GSP and the Lomé Convention - had both been sought by developing countries. Regarding the criticism that the MTN codes were "conditional MFN" treatment, it was open to non-members wishing to assume the obligations to attain the rights. While sharing the secretariat's view on the importance of the dispute settlement procedure, he considered that the criticisms could be dangerous for the mechanism, which was precisely one of the most efficient means available to put little countries and developing countries on an equal footing with others. He agreed that the present system governing trade relations between developed and developing countries was not very satisfactory. The lack of bindings did not give developing countries the required assurances of continuity, while developed countries had no assurance that the developing countries would in due time accept the rights and obligations accruing to countries participating in that system. UNCTAD could make an intellectual contribution to this matter. Finally, he thought that future debate on the trading system should not be separate from the debate on protectionism and structural adjustment.

221. The representative of Bangladesh said that he had appreciated the lucid and thought-provoking statement of the Director of the Manufactures Division, who had succinctly highlighted the malaise facing international trade in the post-MTN period. While associating his delegation with the views of the Group of 77, he said that the results of the MTN had been far from satisfactory for the developing countries. The Tokyo Declaration, in paragraph 6, had agreed to give special treatment to least developed countries in the context of general or specific measures taken in favour of developing countries. However, the least developed countries were disappointed to find that final result of the MTN failed to translate this commitment into reality.

222. Bangladesh was greatly concerned over the deterioration of world trade climate and the increasing protectionism practised by the developed countries. Traditional forms of protectionism were being supplemented by more subtle non-tariff barriers. Managed trade, orderly trading arrangements, voluntary export restraints and allocations of market shares, were increasingly becoming the order of the day. Unconditional MFN treatment was ceasing to be the guiding principle of international trade relations. Conditional MFN treatment not only was discriminatory but also negated the principles embodied in part IV of GATT. There was also a steady erosion of the GSP.

223. He agreed that the post-MTN trading system contained some basic contradictions which needed to be resolved to provide a basis for a more comprehensive, universal

and equitable trading system. Finally, he expressed the hope that the forthcoming GATT Ministerial meeting and the sixth session of UNCTAD would be used to promote an equitable pattern of trade relations, in particular to solve the trade problems of the least developed countries.

224. The representative of the United States of America said that the statement by the Director of the Manufactures Division had identified several areas of the trading system in which further progress needed to be made. Significant changes had certainly taken place in the international trading system since the GATT was founded in 1948 and since 1973, when the Tokyo Round was launched. However, he did not share some observations which appeared to be based on misleading analysis, nor did he share the conclusions drawn from these observations. While tariffs were now less important, they remained high in many developing countries, but the incidence of developed country tariffs tended to be greater on imports from developing countries. However, it was not true for the United States, where the average tariff rate on goods imported from developing countries would fall from 7.7 per cent to 5.7 per cent as a result of the MTN, compared with a weighted average tariff of 4.2 per cent.

225. In addition, the characterization of anti-dumping duties and countervailing duties taking the place of tariffs as a protective device was erroneous, since they were used to counter injurious distortions to comparative advantage introduced by other countries. The increase in the number of such cases was not surprising in the current economic situation. He agreed that managed trade was a potential problem of the trading system. The United States did not wish to see the international trading system move in the direction of managed trade, of cartel or market-sharing arrangements, however brought about. The United States Administration was committed to opening up the international trading system through a reliance on market forces. The United States could not agree that the MFN principle had ceased to guide international trade relations, and he noted that some of the most significant elements of its erosion were the preferences granted under the GSP and Lomé II. Regarding the arguments on "conditional MFN", he stated that the codes negotiated in the MTN were open to all MTN participants in those negotiations; if one accepted the obligations of those codes, one obtained the benefits.

226. The United States fully shared the concern over the matter of safeguards, the need for transparency, an agreed framework for safeguard actions - a priority area for action - and many of the concerns about "flexible" measures of protection. However, it did not agree that the post-MTN system was structurally altered. Flexible measures of protection, anti-subsidy and anti-dumping measures were not new, nor was managed trade which, while deserving scrutiny, was not characteristic of the system. Thus, the United States could not agree that the present trading system had departed from its general rules and principles, that trade had become less free, that developing countries were receiving less favourable treatment, or that a substantially different system could be devised which would be more beneficial to either developed or developing countries. There were weaknesses in the system of trading rules and the United States expected the work programme to be developed by Trade Ministers in the GATT to address these. Existing contradictions had not called into question the efficacy of the system as a framework for conducting trade, nor had they indicated any need for a new trade organization. Rather, they showed that the system was an ever-evolving one. It was necessary to continue to facilitate this evolutionary process in GATT.

227. The representative of India, associating his delegation with the statement by the spokesman for the Group of 77, said that the developing countries, especially India, had repeatedly stressed that they had been left almost at the margin during the negotiating process in the MTN, and that their areas of interest had been ignored. In consequence, the results of the MTN were unbalanced, many areas had been set aside for action at some point in the future, and on other areas there was no action planned. With respect to tariffs, the cuts resulting from the MTN had eroded preferences for developing countries. With respect to the MTN codes, these had little interest for the developing countries, as could be observed from their low level of participation. With regard to the problems facing the trading system as a whole, these related not only to the non-observance of the basic principles but also, as far as developing countries were concerned, the appropriateness of the principles themselves. The basic principles were reciprocity and most-favoured-nation treatment, with the right of retaliation to obtain relief from breach of the main principles. However, developing countries had little to offer by way of reciprocal concessions in trade negotiations and were not able to retaliate. The principles, which were appropriate for trade among equal partners, were inappropriate where there were great disparities, as was the case between developed and developing countries. While developing countries had benefited to some extent from the system, it was basically inequitable in the treatment of developing countries and was in need of review. He referred to the fact that some developed-country delegations had complained about high tariffs in developing countries. This was a result of the lack of a full appreciation of the situation. The developing countries were striving hard for their economic development and they needed resources for this purpose. They had also had to ensure fast growth of indigenous industries. They had the problem of coming very late on the scene of development and of not having reaped the benefit of the industrial process which the developed world had enjoyed for almost two centuries. The developing countries would have to catch up fast, and he emphasized that this feature of iniquitous disparity should not be forgotten.

228. The representative of Venezuela expressed his recognition for the work of the secretariat and the consistency shown in the analyses of the international trading system, the systematic approach followed, and the conclusions reached. He supported the view expressed of the role of the UNCTAD secretariat in seeking a better understanding of the effects of the international trading system on the economies of developing countries. In that connexion, he stressed the need for further elaboration of the areas proposed for study and for more information with respect to the reaction from those countries and groups that to a great extent influenced the main flows of international trade.

229. He felt the need for guidance on those policies that the international community was to follow in the future. Considering that Venezuela, as well as many other countries, did not participate in the GATT, he felt that the debate and exchange of opinions should be as specific as possible and should be pursued in a universal and flexible forum such as UNCTAD. He stressed the interrelationship between all subjects under consideration and called for a comprehensive approach including, if necessary, the revision of basic concepts and the definition of new parameters. He made reference to his country's efforts towards the diversification of its production base and the consequent improvement of exports in new areas of non-traditional products. Positive results, he felt, would depend on the evolution of the search for a more open international trading system, having well-defined norms, that could adequately reflect the differences among countries and that could comprise non-reciprocal and differential treatment, without which the developing

countries could not competitively participate in the international economy. He felt that special recognition was to be given to initiatives such as subregional integration efforts to enhance the role of comparative advantage. He reaffirmed his country's viewpoint on the need for the Board to provide a more detailed formulation of the issues for consideration by Sessional Committee I, highlighting the need for the identification of priority areas for a global and interrelated review of the international trading system, open to participation which would be as universal as possible. He expressed the view that such a review could and should start at the next session of the Board, to be subsequently followed on an annual basis.

230. As a developing country, non-member of GATT, for Venezuela the next session of the Trade and Development Board acquired special significance, in view of the forthcoming GATT Ministerial Meeting. In that connexion, he felt the need to obtain all relevant information for the objective evaluation of the existing international trading system from the viewpoint of its respect of the right of all countries to a system supportive of their development.

231. The representative of Canada stated that the UNCTAD secretariat had been unnecessarily negative in its report on the MTN (TD/B/861) presented to the Board at its twenty-third session. He did recognize that the MTN left unfinished business and that some questions of direct interest to developing countries remained to be tackled. There was general recognition that the GATT system needed to be reformed and adapted to respond better to the needs of trading nations, especially developing countries, so that these countries could participate in the GATT system and share its responsibilities, benefits and obligations. He supported the need for further work in GATT on these matters and noted that it would be included on the agenda for the GATT Ministerial meeting. He also agreed that more work was needed on agriculture and safeguards.

232. Regarding the statement by the Director of the Manufactures Division concerning the need for a new, comprehensive organization, he pointed out that most of the trading world was in GATT. He was not sure a repetition of the third session of UNCTAD on the need for a so-called more universal body for trade would be fruitful. With respect to a mechanism for predictable and equitable adjustments, he noted that the debate in Sessional Committee II had demonstrated that various factors affecting adjustment were neither predictable nor equitable in impact. He also posed the question of "how to pick the winners or the losers". With respect to the need for an effective safeguards mechanism, for transparency in the operations of the system, and for a better definition of injury, account would need to be taken, in looking at any future UNCTAD work, of the work programme of GATT and its experience. He agreed that UNCTAD had a role in discussion of trade issues but it was not to replace GATT, or to conduct actual negotiations, but to complement it through deliberation of issues.

233. Finally, he stated that it was unwise to continue discussions on related matters in two sessional committees. The Trade and Development Report and the review of protectionism and structural adjustment provided two annual opportunities to review issues concerning trading systems. The Committee had not been able to meet on trade issues when Sessional Committee II met, and it would be difficult to conduct a review of the trading system at the next session of the Board at the same time as the Trade and Development Report was being discussed.

234. At the closing meeting, on 18 March 1982, the Chairman introduced a draft

decision (TD/B(XXIV)/SC.I/L.5) on multilateral trade negotiations, which he had submitted as a result of informal consultations. The Sessional Committee recommended the draft decision for adoption by the Board.

Consideration in plenary

Action by the Board

235. At its 581st meeting, on 19 March 1982, the Board adopted, without a vote, the draft decision on multilateral trade negotiations recommended by Sessional Committee I (for the text, see annex I below, decision 248 (XXIV)).

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

Consideration in Sessional Committee I

236. The Chairman recalled that draft resolution TD/L.195 had been remitted by the Conference to the permanent machinery of UNCTAD and that it had been before the Board at the first part of its nineteenth session. Since then, and at each subsequent regular session, the Board had remitted the draft resolution to its next regular session for consideration.

237. The spokesman for Group D noted that it had not so far been possible to reach agreement on the draft resolution. Discussions on the issue at previous sessions of the Board had been concerned only with procedural matters; no discussion on substance had taken place. He referred to the statement by his Group at the previous session of the Board. For the reasons expressed in that statement, 19/ Group D felt that this item had to be considered by the Committee on Commodities.

238. The spokesman for Group B referred to the position of his Group as expressed at the previous session of the Board. 20/

239. The representative of Madagascar recalled that, at the previous session of the Board, the Group of 77 had supported the view that this issue should be discussed within the Committee on Commodities.

240. At its closing meeting, on 18 March 1982, the Sessional Committee, after informal consultations in the Contact Group, recommended that draft resolution TD/L.195 be remitted to the twenty-fifth session of the Trade and Development Board for further consideration.

241. The spokesman for Group D said that his Group had reluctantly agreed that the draft resolution should be remitted to the next session of the Board, and regretted that, despite much effort, it had not been possible to reach a solution. He thanked the Group of 77 for its support and maintained that the draft resolution should be referred to the Committee on Commodities, which was the most appropriate body to consider the issue.

Consideration in plenary

Action by the Board

242. At its 581st meeting, on 19 March 1982, the Board, acting on the recommendation of Sessional Committee I, decided to remit, to its twenty-fifth session, consideration of draft resolution TD/L.195 on transnational corporations and international commodity trade (see annex II below).

CHAPTER III

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

(Agenda item 5)

243. In its resolution 222 (XXI), paragraph 12, the Board invited "the President of the World Bank and the Managing Director of the International Monetary Fund, in consultation with the Secretary-General of UNCTAD, to consider as soon as possible effective procedures for responding in a co-ordinated manner to requests for analysis from developing countries".

244. At the twenty-second session of the Board, the Secretary-General of UNCTAD reported on the consultations that had taken place, noting that "There was also agreement that in the context of annual consultations regarding development prospects and external financing of developing countries, the executive heads of these institutions would keep under review the question of responding effectively and in a co-ordinated manner to requests for analysis from individual developing countries" (see TD/B (XXII)/Misc.3).

245. Opening the discussion on this item, the representative of the Secretary-General of UNCTAD noted that consultations had been held between the Secretary-General of UNCTAD and the executive heads of the World Bank and of the International Monetary Fund in February 1982 and that the Secretary-General of UNCTAD had reported orally on those consultations to the Board in his opening statement. During the secretariat's own preparations for the consultations, it had felt that the process of consultations would be assisted if it were to make available to the staffs of the Bank and the Fund a brief background note setting out the general lines of its thinking. A background note was informally made available to the staffs of both institutions just before the consultations took place. Since it was felt that members of the Board might also be interested in these views of the UNCTAD secretariat, the text of this background note had been annexed to the report by the Secretary-General of UNCTAD on the consultations, which was before the Board in document TD/B/897.

246. The representative of the United States recalled that in December 1981 the General Assembly had adopted resolution 36/145, a general omnibus resolution on UNCTAD. The procedure which had been followed on the adoption of that resolution was unusual: members had voted on selected paragraphs, specifically paragraphs 9 and 11, and on the resolution as a whole. The votes on the paragraphs were recorded only as part of the documentation of the Second Committee. His delegation wished it to be placed on record in the report of the present session that the United States had voted against each of those two paragraphs.

247. Paragraph 9 of resolution 36/145 dealt with Conference resolution 128 (V) on international monetary reform. The negative vote by the United States reiterated its position at Manila.

248. Paragraph 11 was an even more serious matter. It requested the Secretary-General of UNCTAD "to continue, in accordance with Trade and Development Board resolution 165 (S-IX), to keep under close review the application of the detailed features set out in Board resolution 222 (XXI) ...". That wording was

obviously inconsistent with Board resolution 165 (S-IX), which did not ask him to keep the application of features under review but only requested him "to convene a meeting of an intergovernmental group of experts to recommend to the Board at its tenth special session ... detailed features for future operations relating to debt problems of interested developing countries ...". There was no mention of a review of the application of the features in resolution 165 (S-IX) and there could not be, since debt features did not exist at the time that this resolution was adopted.

249. Review of debt features was, however, one of the critical negotiating issues associated with the compromise reached on Board resolution 222 (XXI), a compromise which had enabled it to be adopted by consensus. The Board had agreed, in paragraph 14 of resolution 222 (XXI), that the Secretary-General of UNCTAD "would have a particular interest in the agreed features". The quid pro quo that had allowed a consensus to develop was a commitment by all members that this issue, and others in section B, could be reopened in a review of that section of the resolution at the twenty-sixth session of the Board.

250. The consensus on Board resolution 222 (XXI) had been made possible by the negotiating skill of the then President of the Board and the good faith of all parties concerned. That good faith had been violated by the members of the Group of 77 in New York, who had voted in favour of General Assembly resolution 36/145. Their vote had reopened a critical issue in section B of Board resolution 222 (XXI) and the explicit language of that resolution which stated that the Board would review these issues at its twenty-sixth session. Furthermore, resolution 36/145 could be read as granting the Secretary-General of UNCTAD powers of review which extended beyond UNCTAD and even beyond the United Nations. The Secretary-General of UNCTAD had no supervisory powers on this issue.

251. For that reason, and because of the breach of good faith, the good faith that had allowed a compromise to be reached at the twenty-first session of the Board, the United States was taking this opportunity to notify the Board that it formally reserved its position on section B of Board resolution 222 (XXI). It would continue to adhere to the detailed features annexed to the resolution.

252. The spokesman for the Group of 77 referred to the opening statement by the President of the Board in which he had carefully drawn attention to the structural disequilibrium in the world economy, which was characterized by slow growth accompanied by a continuing trend of high inflation and unemployment, prolonged monetary instability, chronic imbalances in international payments and intensified protectionist pressures. His group had listened with interest to the statement made by the representative of the Secretary-General of UNCTAD regarding the implementation of section A of Board resolution 165 (S-IX), which had been adopted in March 1978 at the Ministerial part of the ninth special session. Now, nearly five years later, the Board was still confronted with the stark realities of international political, economic and social relationships. The status of implementation of the resolution, as demonstrated in the past reports by the Secretary-General of UNCTAD to the Board, was far from satisfactory. The present state of implementation was far from meeting the expectations of his Group.

253. As was indicated in the Trade and Development Report 1981, 21/ the level of medium- and long-term debt outstanding of all developing countries, including IMF drawings, was at present close to 125 per cent of their current annual export earnings, and interest payments alone were currently pre-empting about 10 per cent of export earnings, compared with 7 per cent in 1979. The report of the Chairman

of the Development Assistance Committee indicated that in 1981 the total debt outstanding of developing countries had reached the staggering sum of \$524 billion at the end of 1981. While the external debt of the least developed countries was \$2 billion at the end of 1971, it had increased to \$18 billion by the end of 1981, and debt service payments, which were \$0.2 billion in 1971, had increased to \$1.2 billion by 1981. The outstanding debt of the least developed countries and the most seriously affected countries taken together had increased from \$18 billion in 1971 to \$89 billion in 1981 while their debt service payments had increased from \$1.1 billion in 1971 to \$7.8 billion in 1981. High interest payments increased exorbitantly the ex ante demand for additional finance. The difficulty of servicing such debts, together with the concern of some creditors regarding their exposure to certain debtor countries, had led to a marked reduction in the rate of growth of disbursements of bank credits. As a result, a number of developing countries had been obliged to adjust through curtailing essential imports, reducing savings and consequently curtailing investment. Many of the developing countries, and especially the least developed and most seriously affected countries, would have to make painful adjustments and go through the process of debt reorganization under conditions which were far from satisfactory from the point of view of their future development.

254. In that connexion, his Group noted with regret the statement made by the representative of the United States of America regarding paragraphs 9 and 11 of General Assembly resolution 36/145. So far as paragraph 9 was concerned, the United States statement merely reasserted its position with respect to Conference resolution 128 (V). It should be noted that the United States was the only country that had voted against paragraph 9 of resolution 36/145. The charge of breach of good faith levelled against his Group was totally unwarranted in view of the reversal of the United States position on Board resolution 222 (XXI). His Group welcomed the commitment that all States members, except the United States, had shown to Board resolutions 165 (S-IX) and 222 (XXI) and to General Assembly resolution 36/145. It would continue to abide by these resolutions and took the view that the UNCTAD secretariat should continue to be guided in its work programme by them.

255. On behalf of the Group of 77, he requested that the UNCTAD secretariat give a legal opinion on whether a delegation could introduce reservations to a consensus resolution after the closure of the item at the meeting at which that resolution had been adopted, in this particular instance nearly one and a half years after the adoption of the resolution. It would welcome a reply as soon as possible so that they could consider this issue further.

256. He noted that the principal mechanism for rescheduling the debt of developing countries to date had been the Paris Club. As indicated in the annex to document TD/B/897, the shortcomings of the Club included, among other things, the limited time allowed for a full exploration of all aspects of a debtor's situation and for arriving at an agreement well tailored to its needs and the fact that the medium- and long-term nature of the problems faced by most countries approaching the Paris Club would seem to warrant consolidation periods longer than those generally agreed to at present. In that connexion, his Group wished to reiterate its position, expressed at the last session of the Board, of full support to the proposed UNCTAD technical assistance project on debt. The Governing Council of the United Nations Development Programme at its session in June 1982, should consider this question in the light not only of the strong support that developing countries had expressed for this project, but also of the current international situation, in which a growing number of countries were likely to seek debt relief.

257. He recalled that, during the twenty-third session of the Board, the Group of 77 had requested the Secretary-General of UNCTAD to prepare a study which would clearly indicate other avenues of debt cancellation to developing countries. His Group continued to feel that the UNCTAD secretariat should prepare the necessary background documentation for the next session of the Board, in particular a comprehensive report on the implementation of section A of resolution 165 (S-IX). As had been repeatedly pointed out, considerable scope remained for further measures under that resolution. The Group of 77 was surprised that, for such an important item as this, no detailed background documentation had been prepared for the present session. It hoped that the secretariat would make available to the next regular session of the Board a comprehensive study identifying policy potential in this area so that serious negotiations could commence at that session on subsequent debt relief measures in UNCTAD. The study should also include proposals, recommendations and conclusions on specific measures to be taken. In that connexion, the Board should decide to keep the implementation of its resolutions 165 (S-IX) and 222 (XXI) under review and give it priority in the agenda of the twenty-fifth session.

258. The representative of Kenya, fully supporting the views expressed by the spokesman for the Group of 77, said that debt and debt-related problems had become one of the major preoccupations of the developing countries and had been exacerbated by continuing inflation, deteriorating terms of trade and high interest rates. The least developed countries and the most seriously affected developing countries, such as his own, had been particularly hard hit. The report by the Secretary-General of UNCTAD (TD/B/897) indicated that there was little prospect that the pressures on the external accounts of most developing countries would be relieved significantly during the coming months and that, to cope with the situation, the developing countries would have to scale down their growth. Indeed, the prospects for developing countries were likely to worsen during the year. It was, therefore, all the more urgent that ways and means be found for relieving the present debt burden of developing countries, especially the least developed and most seriously affected among them. For the same reasons, it was urgent that Board resolution 165 (S-IX) be implemented, and those countries which had not yet taken the action called for in that resolution should do so. He wished to thank those donor countries which had provided assistance regarding debt-servicing problems and, moreover, felt that the UNCTAD secretariat should be thanked for the assistance it was providing to developing countries in respect of financial management and especially in connexion with preparation for debt-reorganization meetings. The consultations which took place between the Secretary-General of UNCTAD and the executive heads of the World Bank and IMF should also continue.

259. Strengthening of the export sector of developing countries was part of the long-term solution. The Integrated Programme for Commodities, as well as the Common Fund for Commodities, would contribute greatly to this end. His Government had completed action on the constitutional requirement for signing and ratifying the Agreement Establishing the Common Fund for Commodities. In consequence, the representative of Kenya to the United Nations had signed the Agreement on 10 March 1982 and the instruments of ratification would be deposited before the deadline for signatures. He hoped that those countries which had not yet signed or ratified the Agreement would take steps to do so, so that the Common Fund could be brought into operation as planned.

260. The representative of Mexico noted that, according to information contained in the annex to the report by the Secretary-General of UNCTAD (TD/B/897), the growing

pressures on the balance of payments of developing countries could not possibly be entirely offset by increases in financial flows to these countries. In the majority of the developing countries debt-service payments were being made on schedule, but for many of them only at the cost of reducing imports and growth. A small but growing number of countries were facing difficulties in servicing their debt. However, the use of the Paris Club for debt rescheduling had given rise to many problems.

261. He added that, in the light of the information contained in document TD/B/897, and of the projected external debt of developing countries as shown in the Trade and Development Report, 1981, it was very important to continue to support the UNCTAD secretariat in its evaluation of the implementation of section A of Board resolution 165 (S-IX). If necessary, steps additional to those contained in Board resolution 209 (XX), which dealt with necessary information from developed countries on their implementation of resolution 165 (S-IX), should be considered.

262. His country did not endorse the views of some international institutions which regarded the indebtedness of developing countries as being "manageable". In the immediate future, the capacity of the private banking system to recycle financial surpluses would be diminished. The impact of indebtedness on the economic progress of developing countries should be considered and measures to maintain confidence in the international financial system should be examined in order to ensure an adequate flow of resources to the developing countries. Emphasis should be put on the full implementation of resolution 165 (S-IX), in particular of section A thereof. Similarly, continued support should be given to the provisions contained in the annex to resolution 222 (XXI).

263. The only effective measure to improve the recycling process and make it less destabilizing, would be a reform of the International Monetary Fund emphasizing the provision of balance-of-payments support and reducing the present emphasis on stabilization policies. Such reform should aim at moving away from the present short-term approach of the Fund to external disequilibria; at increasing its membership and capital base; at adapting its conditions of lending, in terms of the maturity of loans and of interest rates, to the needs of its borrowers; at enlarging the Fund's access to capital markets as an additional source of finance; at making control of the Fund's operations more democratic; and at ensuring that the Fund's operations were more consistent with the real needs of developing countries and not based purely on financial criteria. Lack of progress in reform had resulted in a monetary system which was a major source of political tension between North and South and increased the inequality in the distribution of wealth and productive resources.

264. It was of the utmost importance that the agenda for the sixth session of UNCTAD should include an item dealing with the transfer of resources to developing countries. Documentation on that subject should contain policy proposals aimed at substantially increasing the volume of resource transfers, on both concessional and non-concessional terms.

265. Replying at the resumed 581st meeting, on 24 March 1982, to the question put by the spokesman for the Group of 77 (see para. 255, above), the representative of the Secretary-General of UNCTAD stated that it was not possible for a country to introduce reservations in a resolution after the closure of the consideration of the agenda item. Reservations, declarations or interpretations should be made at

the time of the adoption of the resolution. In any event, such reservations, declarations or interpretations did not in any way affect the validity of the resolution.

266. The spokesman for the Group of 77, expressing appreciation for the reply, said the information would enable his Group to formulate a definite position for action in respect of the implementation of Board resolution 165 (S-IX).

Action by the Board

267. At its 580th meeting, on 19 March 1982, the Board, in approving the provisional agenda for its twenty-fifth session (see para. 635 below), included this item therein.

CHAPTER IV

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

(Agenda item 8)

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

A. Commodity trade

(Agenda item 8 (a))

269. For its consideration of this item, the Board had before it a note by the UNCTAD secretariat (TD/B/L.615) on matters arising from the first special session of the Committee on Commodities. 22/ An annex to the note contained the agreed conclusions adopted by the Committee.

Consideration in Sessional Committee I

270. The Committee agreed to examine, in conjunction with this item, the issue of Conference resolution 125 (V) - complementary facility for commodity-related shortfalls in export earnings which fell under agenda item 2.

271. The representative of Sudan stated that it was necessary to speed up the negotiations on commodities and expressed concern at the delay experienced in relation to the conclusion of international commodity arrangements.

272. He recalled the agreed conclusions adopted by the Committee on Commodities at its first special session, in particular the request that the Secretary-General of UNCTAD should hold ad hoc consultations with producers of hides and skins with a view to promoting the dialogue between them and report to the Board at its twenty-fifth session on the outcome.

273. His country fully supported the recommendation to include hides and skins in the list of commodities covered by the Integrated Programme for Commodities. While he did not wish to prejudge the result of the consultations to be held by the Secretary-General of UNCTAD, he hoped that a decision to that effect could be reached, given the importance of trade in hides and skins in raw and semi-processed forms as a source of revenue for several developing countries.

274. As to the question of a complementary facility for commodity-related shortfalls in export earnings, he felt that the documentation prepared by the UNCTAD secretariat in intensive discussions with other intergovernmental bodies and Governments presented a solid basis for future work. The documentation contained useful information regarding the operation of the IMF scheme and of the scheme for the stabilization of export earnings in the framework of the arrangements between EEC and the African, Caribbean and Pacific States. Observing that these schemes had limitations, he expressed the hope that, on the basis of an evaluation of them, the UNCTAD secretariat could devise a scheme that would fully take account of the real problems of developing countries and would provide for full compensation of the shortfall in their earnings. Since the problems of developing countries in

this area were not uniform, the study of the UNCTAD secretariat should, in accordance with the results of the United Nations Conference on the Least Developed Countries, held recently in Paris, take particular account of the special problems of the least developed countries.

275. The spokesman for the Group of 77 stated that the commodity sector of the world economy was going through a period of accentuated problems. While the share of non-fuel commodities in the total value of world trade continued to diminish (now less than 25 per cent, compared to over 40 per cent in 1960 and 33 per cent in 1970), many countries of his Group continued to rely heavily on their commodity exports for foreign exchange earnings: 38 commodities accounted for over 90 per cent of export earnings and 19 other commodities accounted for between 80 and 90 per cent. The general slowdown of world economic activity and recession in the industrialized countries (the developed market-economy countries provided about 60 per cent of the market for primary commodity exports of developing countries) had led to reduced demand for many commodities and a serious decline of prices in real terms. The combined index of commodity prices in real terms had been declining since 1977 and was at present at about the same level as in the early 1960s: if 1975-1977 was taken as 100, the index in 1981 was 84 and in 1961 it was 85. That was about the lowest level recorded for 20 years. For many individual commodities, the index was lower now than in 1960 or any other period since then: with base 1960 = 100, the index for tea in 1981 was 43, for rubber it was 42, for iron ore 58, for jute 28, for coconut oil 55 and for hides and skins 59. Even in current terms, the majority of commodities, including cotton, sisal, jute, rubber, tropical timber, cocoa, tea, phosphates, aluminium, copper, tin, palm oils and sugar, had experienced a fall in prices over the past year or so. The result of these price declines has been significant reductions in the export earnings of many developing countries and, more seriously, an erosion of the purchasing power of their earnings.

276. He said that significant reductions in the export earnings of many developing countries and the erosion of the purchasing power of these earnings had been compounded by problems associated with the structures of commodity processing and marketing sectors. Exports of developing countries remained concentrated on the primary form of commodities, much more so than exports of similar product groups from other sources. In 1978-1980, imports into developed market-economy countries from developing countries of 25 product groups were, in value terms, 58 per cent in raw form, compared to 38 per cent in raw form for their total imports; the figure was only slightly lower than the 65 per cent prevailing in 1970-1972. There had also been little progress in the involvement of developing countries in the marketing and distribution chains for their exports. While recognizing the need for national measures to promote these structural changes, developing countries were well aware that efforts in this area were useless if market access, marketing, information, technology and finance were hindered by government and/or private restrictions in the main markets.

277. He stressed that this combination of problems facing the commodity sectors of developing countries had serious repercussions on their prospects for economic development. There was now, more than ever, a pressing need for international action. One initiative which had been on the agenda for many years and for which quick action seemed ripe was improved compensatory financing facilities directed specifically at the problem of variations in export earnings from commodities. Such an initiative could help alleviate the varied economic problems associated with shortfalls in commodity-sector earnings and would allow countries to tackle the underlying causes of these problems.

278. In the longer-term perspective, there was a need for co-operation in the fields of processing and marketing so as to assist developing countries in realizing the potential of their raw material resources and in promoting their economic development. There was also a need to expedite the work of the Preparatory Commission for the Common Fund for Commodities and of its Working Parties, and the process of signature and ratification of the Agreement Establishing the Common Fund for Commodities.

279. The spokesman for the Group of 77 further stated that the advancement of the work on the Common Fund alone was not enough if it was not accompanied by progress in other areas of the Integrated Programme for Commodities, particularly in individual commodity negotiations.

280. The representative of China expressed agreement with, and support for, the agreed conclusions of the Committee of Commodities in relation to the implementation of the Integrated Programme for Commodities and a complementary financing facility for commodity-related shortfalls in export earnings.

281. He said that the developing countries had long been faced with the serious problem of shortfalls in their export earnings. This had directly affected the development of production in these countries, had reduced the input of foreign exchange and cut down employment. It would be helpful to the developing countries to establish a complementary facility to stabilize their commodity-related export earnings. At the same time, the developed countries could also benefit from the steady supply of commodities. He added that the report by the UNCTAD secretariat on the feasibility of the complementary facility (TD/B/C.1/222) contained much information and a number of positive ideas, including proposals regarding special measures to be taken for the least developed countries. In this respect, his delegation supported continuing work on the study of such a complementary facility.

282. The Chinese delegation, like those of other developing countries, was very much concerned with the falling trend of prices for commodities. It believed that the international community had to devise effective measures for solving problems associated with the deterioration of the world commodity situation.

283. The spokesman for Group B stated that his Group agreed with the proposal in paragraph 2 of the secretariat note (TD/B/L.615) and was also in agreement with the proposal in paragraph 3 of that note to defer consideration of this question until the report of the Committee on Commodities on its tenth session was available.

284. The spokesman for Group D stated that his Group's views on the issues had been made clear both at the second session of the Permanent Sub-Committee on Commodities and at the first special session of the Committee on Commodities and that his Group agreed to proceed as proposed in the secretariat note.

285. The representative of Japan, referring to Conference resolution 125 (V), stated that it was important to bring the Common Fund for Commodities into operation as soon as possible in accordance with General Assembly resolution 36/143 adopted by consensus. He reiterated the wish of his Government that action be urgently taken to that effect.

Consideration in plenary

286. At the 581st meeting, on 19 March 1982, the President drew attention to the recommendations of Sessional Committee I, which were contained in its report (TD/B (XXIV) /SC. I/L.2, para. 46, and Corr.2), which the Board would have formally before it at its next meeting.

Action by the Board

287. At the same meeting, acting on the recommendation of Sessional Committee I, the Board took note of the agreed conclusions of the Committee on Commodities at its first special session and endorsed the recommendations contained therein. In respect of paragraph 7 of the agreed conclusions, it decided to defer consideration of a complementary financing facility for commodity-related shortfalls in export earnings until it received the report of the Committee on Commodities at its tenth session.

B. Manufactures and semi-manufactures

(Agenda item 8 (b))

1. Report of the Intergovernmental Group of Experts on Restrictive Business Practices on its first session

Consideration in Sessional Committee I

288. The report of the Intergovernmental Group of Experts on Restrictive Business Practices on its first session (TD/B/884), held from 2 to 11 November 1981, was introduced by the Vice-Chairman of the Group, in the absence of its Chairman. He recalled that the Board, pursuant to General Assembly resolution 35/63, had established the Intergovernmental Group at its twenty-second session and, in Board resolution 228 (XXII), had instructed it to report on its work at least once a year to the Board. The functions of the Group were laid down in section G of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices, 23/ adopted unanimously by the General Assembly in resolution 35/63. The task of the Group was, primarily, to oversee the application and implementation of this Set. In consequence, at its first session, the Group had directed its efforts to reviewing the current situation regarding the use of restrictive business practices in international trade, as well as the steps taken by States to meet their commitment to the Principles and Rules. It had also determined the specific action to be taken in order to give efficacy to the Set as a whole.

289. The results of the Group's efforts in the above regard were reflected in its adoption of resolution 1 (I). That resolution expressed concern at the persistent use of restrictive business practices by enterprises, including transnational corporations, in international trade transactions, and called upon countries to institute effective controls of such practices, and to refrain from legislative and administrative measures that did not adequately taken into account the objectives of the Set of Principles and Rules. The resolution further called upon countries, particularly developed countries, to take into account in their control of restrictive business practices the development, financial and trade needs of

developing countries, in particular of the least developed among them. It also stressed the call to States to take appropriate steps at the national or regional levels to meet their commitment to the Set of Principles and Rules.

290. With regard to action at the international level to assist in the more effective control of restrictive business practices, the Group had requested that appropriate steps be taken to achieve more expeditious dissemination of information on major developments in the area of restrictive business practices, the submission to its second session of a revised draft of the model law or laws on restrictive business practices, the undertaking of three studies in the field of restrictive business practices, and the bringing to the attention of the Group of studies or proposals for studies undertaken by other United Nations organs, including the Centre on Transnational Corporations, relevant to the work of the Group.

291. The other issue dealt with by the Group concerned the establishment of the technical assistance, advisory and training programmes on restrictive business practices which was called for in the Set of Principles and Rules. It was with great regret that he had learned at the most recent session of the Working Party on the Medium-term Plan and the Programme Budget that UNDP, despite the Group's invitation to it to ensure that adequate resources be allocated for technical-assistance activities in this area, as requested by the General Assembly, had indicated that it was not in a position to provide resources at this stage. In presenting the report of the Intergovernmental Group of Experts, he expressed confidence that the Board would take note of the report and endorse the resolution adopted by the Group.

292. The representative of the Secretary-General of UNCTAD said that the UNCTAD secretariat was greatly concerned about the lack of adequate resources for the implementation of technical-assistance, advisory and training programmes in the area of restrictive business practices, in particular since the General Assembly, in deciding in its resolution 35/63 that there should be such programmes on restrictive business practices, had called upon international organizations and financing programmes, in particular UNDP, to provide resources through appropriate channels and modalities for the financing of such activities. Governments, in adopting the Set of Multilaterally Agreed Equitable Principles and Rules, were convinced that it would facilitate the adoption and strengthening of laws and policies in the area of restrictive business practices at the national and regional levels and thus lead to improved conditions and greater efficiency and participation in international trade and development, particularly on the part of developing countries. Inability to obtain resources for the technical-assistance programmes agreed upon endangered the achievement of the goals sought.

293. The spokesman for Group B indicated his Group's willingness to take note of the report and to endorse resolution 1 (I) of the Intergovernmental Group. It was his understanding that, outside of the technical-assistance programmes, resolution 1 (I) would not entail any additional financial implications.

294. The representative of the Secretary-General of UNCTAD recalled that no financial implications had been presented at the time of the adoption of the resolution by the Intergovernmental Group.

295. The spokesman for the Group of 77 said that his Group could agree to take note of the report and endorse resolution 1 (I). He welcomed the Group's efforts in reviewing the use of restrictive business practices in international trade as well

as measures taken by States to control such practices. Resolution 1 (I) reflected the common concern of Governments to call upon all States, in particular developed countries, to take into account, in their control of restrictive business practices, the development, financial and trade needs of developing countries. The Group of 77 was quite disappointed that, at the recently held session of the Working Party on the Medium-term Plan and the Programme Budget, it had been indicated that UNDP - despite the Intergovernmental Group's invitation to UNDP in paragraph 10 of resolution 1 (I) - was not in a position to provide resources. The Group of 77 felt that such a decision not only endangered the effective application and implementation of resolution 1 (I), but also made difficult the application of the Set of Multilaterally Agreed Equitable Principles and Rules.

296. The spokesman for Group D agreed that the Board should take note of the report and endorse the resolution. He stressed his Group's wish that the second session of the Intergovernmental Group should be held before the next session of the Committee on Manufactures, so as to make it possible for the Group to submit its report through that Committee, in compliance with its mandate.

297. The representative of the Secretary-General of UNCTAD indicated that, according to the present calendar of meetings, the next session of the Committee on Manufactures was scheduled for October 1982, whereas the second session of the Intergovernmental Group of Experts on Restrictive Business Practices was scheduled for November. Moreover, it might even be necessary to postpone the session, in view of the need to prepare for the sixth session of UNCTAD. These questions would be pursued at the Secretary-General's monthly consultations with regional group co-ordinators.

298. The representative of China indicated his support for the report of the Intergovernmental Group of Experts and was ready to endorse the resolution. He also noted the serious concern about the lack of financial resources for technical-assistance, advisory and training programmes in the area of restrictive business practices and said that this would seriously affect the implementation of the Set of Principles and Rules.

Consideration in plenary

299. At the 581st meeting, on 19 March 1982, the President drew attention to the recommendations of Sessional Committee I, which were contained in its report (TD/B (XXIV) /SC. I/L. 2, para. 59), which the Board would have formally before it at its next meeting.

Action by the Board

300. At the same meeting, acting on the recommendation of Sessional Committee I, the Board took note of the report of the Intergovernmental Group of Experts on Restrictive Business Practices at its first session and endorsed resolution 1 (I) adopted by the Group.

2. Report of the Ad Hoc UNCTAD/UNIDO Group of Experts on Trade and Trade-related Aspects of Industrial Collaboration Arrangements on its second session

Consideration in Sessional Committee I

301. The Chairman recalled that the Board, at the first part of its twenty-third session, had taken note of the report of the Group of Experts, 24/ endorsed the recommendation that the UNCTAD and UNIDO secretariats should continue their work on industrial collaboration arrangements as laid down in Conference resolution 96 (IV) and decided to review this matter at its twenty-fourth session. 25/

302. The representative of the Secretary-General of UNCTAD said that, following the Board's decision at the first part of its twenty-third session, the work on industrial collaboration arrangements in UNCTAD would continue in the Committee on Manufactures on the basis of Conference resolution 96 (IV). He assumed that UNIDO was also likely to continue its work in this area on the basis, inter alia, of that resolution.

303. The first step would be the preparation by the two secretariats of a well-documented, factual and analytical review of the existing types of industrial collaboration arrangements at the enterprise-to-enterprise level between developing and developed countries. The review would endeavour to establish a certain classification of these arrangements and analyse the characteristics of each category in depth. In the preparation of the review, attention could be given to the role - direct or indirect - which Governments played in the conclusion and implementation of such collaboration arrangements. Such a study, based on the material available, could be submitted to the Committee on Manufactures. On the basis of that study and the subsequent comments in that Committee, the UNCTAD secretariat could prepare a paper concerning the elements and clauses of particular interest to developing countries contained in the various categories of industrial collaboration arrangements, including those related to direct or indirect governmental actions. This paper would provide the basis for further consideration of the issues by the Committee on Manufactures, which might then decide on how to deal with its policy implications.

304. Referring to the co-operation with UNIDO in accordance with resolution 96 (IV), he indicated that the two secretariats would be in close touch with each other regarding this work.

305. He also drew attention to the recommendation of the Group of Experts in paragraph 17 of its report that it should continue its work. He recalled the views of the various regional groups on this matter at the Board's previous session, as reflected in the report on that session. 26/ The Board might wish to consider this question further with a view to taking a decision on the final status of the Group of Experts.

306. The spokesman for Group B stated that the position of his Group concerning the status of the Group of Experts had not changed since the previous session of the Board. In their opinion, the Group of Experts had finished its work and should therefore be dissolved. As to the views expressed by the representative of the Secretary-General of UNCTAD concerning future studies, the matter was being considered by his Group. He suggested that, before taking a decision on new documentation, it might be advisable to wait until the next session of the

Industrial Development Board, in May 1982, which would consider the report of the Group of Experts. In the light of the views expressed at the Industrial Development Board, the Trade and Development Board could then return to this issue at its next session.

307. The representative of the Secretary-General of UNCTAD provided additional clarification regarding the UNCTAD mandate for continuing work in this field on the basis of Conference resolution 96 (IV) and following the Board's decision at its twenty-third session. He referred to the pertinent provisions in Conference resolution 96 (IV), namely section II, paragraph 5, subparagraphs (a), (b) and (d), which specifically covered industrial collaboration arrangements. In the Proposed Programme Budget for the Biennium 1982-1983, the programme for manufactures and semi-manufactures included, under the output of subprogramme 3.2 - "Policies for improving the export-supply capability of developing countries", "... technical publications on ... industrial collaboration schemes ..." 27/

308. The spokesman for Group D stated that his Group's position on the continuation of the work of the Ad Hoc Group of Experts had been set out at the previous session of the Board and remained valid. His Group did not see any need for another session of the Group of Experts. Regarding the way the secretariat proposed to handle the issue within UNCTAD, he welcomed it as a step forward which took fully into account the different views expressed at the last session of the Board, and indicated that his Group had considered it in a positive spirit. Group D considered industrial collaboration agreements an important issue and considered that work in this area should be continued in UNCTAD, on the basis of Conference resolution 96 (IV). In that connexion, he underlined the importance of a close co-operation between UNCTAD and UNIDO.

309. The spokesman for the Group of 77 welcomed the statement by the representative of the Secretary-General of UNCTAD concerning the implementation of the Board's decision on the work on industrial collaboration arrangements in the Committee on Manufactures, in pursuance of Conference resolution 96 (IV) and in accordance with the secretariat's work programme in the area of manufactures and semi-manufactures. She also welcomed the statement that the collaboration between UNCTAD and UNIDO in this work would continue and be strengthened on the basis of that resolution.

310. She strongly reaffirmed the importance of industrial collaboration arrangements, particularly at the enterprise-to-enterprise level, between developing and developed countries, as a key element in the efforts for expanding trade of the developing countries in manufactures and semi-manufactures. The studies in this area by UNCTAD and UNIDO should not only review the various types of industrial collaboration existing at present, but should also identify particular aspects of interest to developing countries, for consideration by the Committee on Manufactures, in the context of the broader question of the promotion of world trade. She observed that further work on industrial collaboration did not require the institutionalization of a permanent working group.

311. The representative of Madagascar recalled that the Group of 77, during the previous session of the Board, had favoured the continuation of the activities of the Ad Hoc Group of Experts and suggested a third and final session of the Group before the sixth session of UNCTAD, as financing was already assured up to 1983. She was of the view that there was no reason to wait any longer before taking a decision on the matter.

312. The representative of Argentina, speaking on behalf of the Latin American Group, said that it appeared that the matter under discussion presented three aspects: first, the continuation or the discontinuation of the activities of the Ad Hoc Group of Experts; second, the continuation of the UNCTAD/UNIDO co-operation in this area of work, within the framework of the permanent machinery of the two organizations; and third, the postponement of any decision on this matter until the next session of the Board. He endorsed the proposals by the spokesman for the Group of 77 and stressed the importance of co-operation in the work relating to industrial co-operation within the UNCTAD framework on the basis of Conference resolution 96 (IV).

313. At its closing meeting, on 18 March 1982, the Committee decided to recommend that the Board transmit the report of the Ad Hoc UNCTAD/UNIDO Group of Experts on Trade and Trade-related Aspects of Industrial Collaboration Arrangements on its second session to the Industrial Development Board at its next session, drawing its attention to the views expressed at the twenty-third and twenty-fourth sessions of the Trade and Development Board, and that the Trade and Development Board should review this matter at its twenty-fifth session.

314. The spokesman for the African Group said that the continuation of the mandate of the Group of Experts was a source of deep satisfaction to his Group, for a number of reasons. He recalled, first, the rationale and principles underlying the creation of the Group of Experts and, secondly, the mandate conferred upon the Group by Board decision 172 (XVIII) and a similar decision of the Industrial Development Board. The guiding principles underlying the formation of a joint Group of this kind had been inspired by the fact that neither the Committee on Manufactures nor any working group which might have been set up under its aegis could have effectively implemented Conference resolution 96 (IV) because of the Committee's limited sphere of competence.

315. In Board decision 172 (XVIII), which set out the mandate of the Group of Experts, it was specified that the examination to be made should be carried out in the light of the objectives laid down in Conference resolution 96 (IV) in relation to international co-operation for industrial development, restructuring and trade.

316. One of the tasks assigned to the Group had been to study ways and means leading to the adoption of new measures, particularly on an international basis, to promote and facilitate trade and industrial co-operation at both enterprise and government levels. Such measures should take account of two basic facts, notably, the weak bargaining position of the developing countries in the field in question and the vital need to remove the obstacles to the development of industrial co-operation and to the expansion of trade in general.

317. In the light of these considerations of principle, the Group of Experts had laid great stress, at its second session, on the study of certain important issues concerning enterprise-to-enterprise arrangements and, in particular, the questions of guarantees, training, technology, financing and the settlement of disputes, which it was essential to solve if international industrial co-operation was to become more dynamic.

318. In the opinion of his Group, the desirability of continuing the Group was beyond question, particularly as the implementation of paragraph 17 of the report of the Group on its second session, which recommended that the Group should continue its work, would have no financial implications, since the Group's

activities derived directly from Conference resolution 96 (IV) and were covered by the programme budget for 1982-1983.

319. Consequently, the decision to refer the matter to the Board for review at its twenty-fifth session should not call in question the decision of the Board at its twenty-third session that the UNCTAD and UNIDO secretariats should continue their work on industrial collaboration arrangements set out in Conference resolution 96 (IV).

Consideration in plenary

Action by the Board

320. At its 581st meeting, on 19 March 1982, the Board, acting on the recommendation of the Sessional Committee contained in paragraph 313 above, decided to transmit the report of the Ad Hoc UNCTAD/UNIDO Group of Experts on Trade and Trade-related Aspects of Industrial Collaboration Arrangements on its second session to the Industrial Development Board at its sixteenth session, drawing its attention to the views expressed at the twenty-third and twenty-fourth sessions of the Trade and Development Board, and further decided to review this matter at its twenty-fifth session (see annex I below, Other decisions (h)).

C. Financing related to trade

(Agenda item 8 (c))

Consideration in Sessional Committee I

321. In the absence of its Chairman, the report of the Intergovernmental Group of Experts on an Export Credit Guarantee Facility (TD/B/899) was introduced by the Vice-Chairman of the Intergovernmental Group of Experts. He stated that the Group had made progress in identifying important areas where there was some convergence of views among the experts and areas which, in the judgement of the experts, required further technical examination. He expected that the Board, in considering the report, would take appropriate action on the future work on this subject.

322. The spokesman for the Group of 77 observed that, while visible, although limited, progress had been made on a number of issues, there remained several important aspects which needed to be studied and clarified. The preparatory work on this subject should therefore continue so that negotiations on the establishment of such a facility could start as soon as possible. His Group would submit a draft decision calling for another one-week session of the Intergovernmental Group before the next session of the Committee on Invisibles and Financing related to Trade, so that the Group could report to that Committee.

323. The representative of China stated that the establishment of an export credit guarantee facility would help to increase exports of developing countries, especially their exports of capital goods. He hoped that the preparatory work would be finished soon.

324. The spokesman for Group B agreed that more studies were required. However, the Group was of the opinion that the Committee on Invisibles and Financing related to Trade should look at the results of the first session of the Intergovernmental Group before a second session was held.

325. The representatives of some developing countries felt that the Committee on Invisibles and Financing related to Trade would be in a better position to consider this important subject if the second session of the Group of Experts were convened before that Committee.

326. At the 5th meeting of the Sessional Committee, on 15 March 1982, the representative of Yugoslavia introduced a draft decision concerning the convening of a further session of the Group of Experts, submitted by Jordan on behalf of the States members of the Group of 77 (TD/B (XXIV) /SC.I/L.1).

327. At its closing meeting, on 18 March 1982, draft decision TD/B (XXIV) /SC. I/L.1 was withdrawn by its sponsors and the Sessional Committee recommended for adoption a draft decision (TD/B (XXIV) /SC. I/L.3) submitted by the Chairman after informal consultations. That draft decision, *inter alia*, invited the Committee on Invisibles and Financing related to Trade at its tenth session to evaluate the operational features of an export credit guarantee facility with a view to completing consideration of this matter and to report to the Board at its twenty-sixth session.

328. The spokesman for the African Group expressed his Group's satisfaction at the adoption of the draft decision. However, in view of paragraph 1 of decision 17 (IX) of the Committee on Invisibles and Financing related to Trade, which requested the Secretary-General of UNCTAD to consult with member States and with regional, subregional and international financing and other institutions, and also of paragraph 21 of the report of the Intergovernmental Group of Experts (TD/B/889), which stated that a number of questions clearly remained to be answered, the African Group considered that the consultations in question should be extended to all the developing countries concerned, including those that were net importers.

329. Referring to paragraph 6 of the report of the Intergovernmental Group of Experts, which stated that further study should be undertaken in a number of areas, he said his Group believed that the studies in question should take into account the interests of the developing countries that were net importers and the need to enlarge the facility in terms of both the duration of the credits, which should include suppliers' and buyers' credits, and the range of semi-manufactures covered.

330. Lastly, the African Group was in favour of access to the facility on preferential terms which would enable developing countries that were users of the facility to free themselves to some extent from market constraints and the discriminatory conditions that were sometimes imposed as regards export credit paper, particularly through the coverage of political risk and the establishment of ceilings.

Consideration in plenary

Action by the Board

331. At its 581st meeting, on 19 March 1982, the Board adopted without a vote the draft decision recommended by Sessional Committee I (for the text, see annex I, decision 249 (XXIV)).

D. Medium-term plan and programme budget

(Agenda item 8 (d))

332. The report of the Working Party on the Medium-term Plan and the Programme Budget on its fifth session (TD/B/WP/L.10/Rev.1 and Add.1 and Add.2/Rev.2), as amended and completed by TD/B/L.617 and the recommendations adopted by it (TD/B/L.617, annex, and TD/B/WP/L.12) were introduced by the Chairman of the Working Party. 28/

333. He said that the task of the Working Party at its fifth session had been twofold: first, to complete the annual review of technical co-operation activities and their financing and, second, to follow up the Board decisions on rationalization by examining ways and means of improving the efficiency of the Working Party and making recommendations thereon to the Board.

334. The discussions on technical co-operation activities had taken much of the time of the session, as it appeared that a number of delegations attached increasing importance to the subject and consequently wished to have a better understanding of the way in which UNCTAD, as an executing agency, operated within the framework of UNDP. Their interest was reflected in the final paragraph of the recommendation adopted by the Working Party and contained in annex I of its report (annex II to document TD/B/L.617).

335. As regards ways and means of improving the efficiency of the Working Party, he was satisfied that general agreement had been reached on a set of recommendations which should provide a solid basis for improving the Working Party's method of work in the future. To the best of his knowledge, the fifth session was the first occasion on which the Working Party had been able to end its deliberations with agreed recommendations. The establishment of a contact group had proved to be very useful for that purpose and the Working Party might consider it an effective way of arriving at agreed conclusions at future sessions.

336. The representative of the Federal Republic of Germany, speaking on behalf of Group B, said that his Group believed that the report of the Working Party signalled an advance in the Working Party's effectiveness, in response to Board resolution 231 (XXII). The fifth session had been the first at which the Working Party had arrived at consensus recommendations. Delegations at past sessions had merely stated divergent views and approved a report that essentially reflected their disagreement but, on the present occasion, the Working Party, under the innovative leadership of its Chairman, had expressed its combined will through eight specific proposals for improving its performance. Paragraph 2 of the recommendations, for example, provided a basis for the Working Party to contribute to the implementation of resolutions emerging from the sixth session of UNCTAD; paragraph 5 could sharpen its role in determining the UNCTAD budget, while paragraph 6 called upon the UNCTAD secretariat to produce suitable documentation on each agenda item in all the official and working languages of UNCTAD six weeks before the opening of a session. Such recommendations demonstrated that the Working Party had identified realistic ways and means of improving its effectiveness, thus successfully discharging its obligations under agenda item 3. The principal instrument used by the Working Party in achieving that outcome had been the contact group, and Group B urged the chairmen of future sessions of the Working Party to follow the present set in that respect.

337. Group B also believed that the Working Party had made important progress in its consideration of technical assistance activities in recent years. The success of the Working Party was clearly indicated in the comments made by the Acting Deputy Secretary-General of UNCTAD at the close of the session, as reflected in chapter III of its report. Group B had been particularly encouraged by his assurance that the secretariat was committed to preparing an annual report on UNCTAD technical assistance activities as the basis for a review by the Working Party of such activities each year.

338. Group B had noted from his statement that the secretariat would shortly be distributing a written report on the Manila Workshop, and hoped that it would provide answers to all questions that were still outstanding on the Workshop.

339. The representative of the German Democratic Republic, speaking on behalf of Group D, said that Group D agreed with the remarks of the Chairman of the Working Party concerning the results that had been achieved at the fifth session, and hailed the consensus reached on the recommendations adopted by the Working Party as a positive outcome to the negotiations that had taken place. The next step was to organize the activities required to implement the recommendations.

340. However, in spite of the positive results of the session, Group D, in its final statement at the closing meeting of the Working Party, had drawn attention to a number of issues which the Working Party had not been able to solve, or which deserved further attention in its future work. He would like to single out a few of those points on the present occasion. First, Group D advocated keeping the question of improving the effectiveness of the Working Party on the agenda of future sessions; secondly, more attention should be paid to the question of the mandate of the Working Party; thirdly, the deliberations on the technical assistance activities of UNCTAD at the session had shown that they were considered to be very important and also that there were a number of diverging views on them. In that connexion, Group D reaffirmed its objection to any limitation of the programme for promoting trade between developing countries and socialist countries. It had been evident from the discussions on the subject that Group D's views coincided with those of a number of countries which attached importance to the further development of the programme. Fourthly, in the realization of technical assistance activities as well as other UNCTAD activities, Group D stood for strict adherence to the mandate of UNCTAD and the principle of universality. Its position also applied to the increased employment of experts from socialist countries within UNCTAD's technical assistance activities. It would be useful, in that respect, if the roster of experts maintained by the UNCTAD secretariat could be brought up to date.

341. The representative of Madagascar, speaking on behalf of the Group of 77, expressed satisfaction with the fruitful exchange of views that had taken place at the fifth session of the Working Party with regard to the future orientation of its work. Under the able guidance of its Chairman, and thanks to the spirit of mutual understanding shown by the regional groups and individual delegations, the Working Party had been able to arrive at agreed recommendations to be submitted to the Board. He emphasized those aspects of the recommendations to which the Group of 77 attached special importance.

342. First of all, the recommendations were aimed at giving a better orientation to the future activities of the Working Party by providing that, at its seventh session, it would make an across-the-board examination of the main orientations and

thrust of its work programme in the light of decisions taken at the sixth session of the Conference. His Group considered that it was an essential function of the Working Party to make a synthesis of that nature, which should enable it to form a clearer picture of the changes that might take place in the different components of the medium-term plan and programme budget, as well as to have a better understanding of the way in which the secretariat translated the interrelationships between its activities into its programme of work. Lastly, such an exercise would equip the Working Party to perform the tasks entrusted to it more effectively, and prevent it from becoming an over-meticulous supervisory body, a function which his Group would repudiate.

343. Another aspect to which the Group of 77 wished to draw attention was the frequency and duration of meetings. At the present time, when preparations were being initiated for the sixth session of the Conference, it was particularly important, in the view of his Group, to lighten the UNCTAD calendar of meetings, and the Group had therefore made no secret of its preference for a return to an annual cycle of sessions for the Working Party, subject, of course, to the possibility of extending the duration of the sessions when necessary.

344. Referring to the subject of technical assistance activities, he said the Group of 77 was concerned about several alarming trends that were emerging. For more than 10 years, the developing countries had benefited from the Council's help in improving their grasp of international economic relations, especially through better training of national cadres and negotiators. The secretariat had spared no effort to respond to the many requests made for assistance in a wide variety of fields. Now, however, its technical assistance activities were seriously threatened, not only by the worsening financial situation of UNDP itself, but also by its repercussions on components of the operational programme of UNCTAD, which the Group of 77 considered to be essential to support development efforts.

345. He recalled, for example, that the Working Party had learnt that UNDP would no longer be able to finance the programme for the development of economic relations between developing countries and the socialist countries of Eastern Europe, that the Research and Training Programme would have to suspend its activities, that serious financial restrictions were being applied to other projects and, finally, that new projects, such as that aimed at establishing a consultative service on restrictive trade practices, could not be financed. The Group of 77 considered that contributing countries should respect the commitment they had entered into at the twenty-seventh session of the UNDP Governing Council, in June 1980, with regard to the level of resources for 1982-1986, while taking particular account of the agreement embodied in the Consensus of 1970 that it was for the developing countries alone to determine their priorities for technical co-operation activities. In the context of multilateral or bilateral co-operation, the Group of 77 firmly believed that no country was entitled to make its interests and priorities prevail over those that had been defined by the developing countries themselves. He concluded by urging that the UNCTAD technical assistance programme be maintained and, if possible, expanded, since it was only a very small part of United Nations operational activities for development, but nevertheless responded to immense and pressing needs in the developing countries.

Consideration in plenary

346. At the 581st meeting, on 19 March 1982, the President drew attention to the recommendations of Sessional Committee I, which were contained in its report (TD/B (XXIV) /SC. I/L.2 and Add.2, para. 16), which the Board would have formally before it at its next meeting.

Action by the Board

347. At the same meeting, acting on the recommendation of Sessional Committee I, the Board took note of the report of the Working Party on the Medium-term Plan and the Programme Budget on its fifth session and endorsed the recommendations adopted by the Working Party.

CHAPTER V

SIXTH SESSION OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT: PREPARATIONS FOR THE SESSION

(Agenda item 6)

A. Place, date and duration

348. At the 574th meeting, on 11 March 1982, the representative of Gabon recalled that, at the previous session of the Board, his country, after consultations, had offered to act as host to the sixth session of the Conference at Libreville, since it considered that the sixth session would mark a high point in the North-South dialogue.

349. Libreville had excellent conference facilities which had accommodated a summit meeting of the Organization of African Unity in 1977 and a number of meetings of varying sizes since then. However, in the light of the evaluation undertaken by missions sent by the UNCTAD secretariat, it appeared that these facilities were not sufficient to meet the needs of the Conference, and that the additional work required would take a minimum of two years to complete and, moreover, would entail an expenditure of close to \$US 130 million. In view of these two constraints, he was obliged to say with regret that Gabon was not in a position to act as host to the sixth session of UNCTAD.

350. The head of the delegation of Kuwait, speaking as President of the Board at its twenty-third session, expressed his regret that the sixth session of UNCTAD could not be held in Libreville. The offer by Gabon to be host to the Conference had been made out of a sense of responsibility and courage in order to assist UNCTAD in surmounting a crisis. All would appreciate the reasons of force majeure which now obliged it to withdraw its offer, and all would recognize the great service Gabon had rendered to UNCTAD.

351. The representative of Jordan, speaking on behalf of the Group of 77, said that his Group sincerely appreciated the initiative taken by Gabon in offering to be host to the Conference, which had helped to solve a crisis situation, and all the efforts it had made. It regretted that Gabon was not at the present time in a position to act as host to the next session of the Conference, but hoped that it would perhaps be able to be host to a future session.

352. The spokesman for the African Group said that his Group was sad to note that Gabon was obliged to withdraw its offer to be host to the Conference. That offer had represented an act of faith in international co-operation and dialogue and had demonstrated the wisdom and sense of responsibility of the Gabonese Government at a time when the venue of the Conference had been a political problem. Given the time and other constraints, Gabon was not in a position to receive the Conference in the way it would have wished and thus it had courageously decided to inform the Board at an early opportunity of its decision to withdraw. In conclusion, he expressed the hope that another developing country would be able to offer a venue for the Conference.

353. The spokesman for the Latin American Group said that his Group felt particular regret that Gabon was unable to act as host to the sixth session of UNCTAD since it had been the African Group, and Gabon, which had helped UNCTAD to find its way out

of an impasse. The fact that Gabon had brought the matter to the Board at an early opportunity demonstrated its serious concern with all matters relating to international economic co-operation. There was still time for the Board to decide on the venue for the sixth session in accordance with the principle of rotation that had been agreed upon.

354. The spokesman for the Asian Group said that his Group also regretted that the sixth session could not be held in Libreville, but well understood the problems involved, in particular the time element, for which even the most advanced technology had no solution. His Group profoundly appreciated the sincere and gallant efforts made by the people and Government of Gabon in connexion with being host to the sixth session of UNCTAD.

355. The spokesman for Group B said that the members of her Group had looked forward to participating in the sixth session at Libreville but appreciated the magnitude of all the material problems involved in acting as host to such a large-scale conference. She welcomed the fact that, in the best interests of the Conference, Gabon had informed the Board of these difficulties at an early stage. Consequently, she expressed thanks to the President of Gabon for having offered to act as host to the sixth session of UNCTAD.

356. The representative of China said that his country understood the difficulties faced by the Government of Gabon in being host to a conference on the scale of the sixth session of UNCTAD and appreciated all the efforts it had made. In the present difficult economic situation, the sixth session would be a very important conference and there should be active consultations regarding a venue acceptable to all so that the Conference would be held on time.

357. The spokesman for Group D expressed the sincere regrets of his Group that, despite all the efforts made, the desire of the people and Government of Gabon to be host to the Conference could not be fulfilled. He praised the delegation of Gabon for having informed the Board so clearly and sincerely about the problems preventing its country from acting as host to the Conference. He hoped that the Board would soon be able to take steps to find a venue for the sixth session.

358. The President said that the statements just made reflected the feeling of sympathy and friendship felt by all members of the Board on this occasion. The generous gesture of Gabon had come at a difficult time and had enabled the Board to surmount a crisis. He was sure that the reasons obliging Gabon to withdraw its offer had been major and insuperable. He expressed the gratitude of the members of the Board to the President and people of Gabon.

359. The representative of Gabon said that he was greatly touched by all the statements of sympathy and friendship towards his country which he had just heard, and would convey them to the President and Government of Gabon. His country believed firmly that there was no alternative to international co-operation in the pursuit of a peaceful world.

360. The President said that he intended to hold informal consultations with a view to reaching a decision in the venue for the sixth session of UNCTAD.

361. At the closing meeting of the first part of the session on 24 March 1982, the Board having in the interim decided to hold a second part of the session (see para. 414 below), the representative of Yugoslavia said that his country attached

the utmost importance to the sixth session of UNCTAD, which it expected would make a substantial contribution to the solution of the main international economic problems, especially those of developing countries. He added that Yugoslavia was very interested in acting as host to the sixth session of UNCTAD in Belgrade and that this possibility was under serious consideration by his Government. In order to enable the Board to take the final decision on the venue of the Conference at its resumed session in May, his country invited the Secretary-General of UNCTAD to send a mission to Belgrade to investigate the facilities and consider all relevant technical and financial matters in that connexion.

362. The spokesman for the Group of 77 said he was grateful that Yugoslavia had kept the initiative regarding the venue for the sixth session of UNCTAD within the Group of 77. It was particularly important that the question should be decided as early as possible and no later than at the resumed session of the Board.

363. The spokesman for the Asian Group said he hoped the Secretary-General of UNCTAD would act very promptly on the request made by Yugoslavia.

364. The spokesman for the African Group welcomed the generous gesture of Yugoslavia, whose positive attitude towards matters of international economic co-operation was well known, and expressed the hope that Belgrade would be the venue for the Conference.

365. The spokesman for the Latin American Group said that the members of her Group would be pleased to see the sixth session of UNCTAD held in Yugoslavia, and recalled that, as had already been agreed in the Board, the venue for the seventh session of UNCTAD would be in Latin America.

366. The representative of China expressed the sincere gratitude of his delegation for the initiative taken by Yugoslavia and looked forward to attending the sixth session of UNCTAD in Belgrade. China believed that, through the joint efforts of all States, the Conference would be a milestone in the promotion of international trade and development, especially that of the developing countries.

367. The spokesman for Group B said that the members of her Group welcomed the interest of Yugoslavia in being host to the Conference and its request that the secretariat should send a mission to discuss all the technical and financial details. It was important to settle the question of the venue of the Conference as soon as possible.

368. The spokesman for Group D welcomed the interest of Yugoslavia and its request for a mission to clarify all appropriate technical and financial questions. The members of his Group would be particularly happy to attend the sixth session of UNCTAD in the fraternal State of Yugoslavia.

Action by the Board

369. At the same (resumed 581st) meeting, the Board took note of the interest expressed by the Government of Yugoslavia in providing host facilities at Belgrade for the sixth session of the Conference and expressed the hope that, on the basis of the information to be provided by the secretariat, the Government of Yugoslavia would be in a position to inform the Board at its resumed session in May 1982 of

its decision in this matter, so that the Board would be able to make an appropriate recommendation on the venue of the sixth session of the Conference.

B. Provisional agenda and organization of work

370. For the consideration of the provisional agenda of the sixth session of the Conference, the Board had before it a note by the Secretary-General of UNCTAD on preparation of the provisional agenda (TD/B/L.614).

371. The spokesman for the Group of 77 expressed appreciation for the note by the Secretary-General of UNCTAD and for his remarks on the agenda in his opening statement (see paras. 7-32 above). In making his initial comments, which were only preliminary ones, he stated that the agenda needed to be examined in the context of the current world economic crisis, which was not a cyclical but a structural one. Recovery of the world economy, therefore, was contingent upon measures to facilitate structural adjustment which did not jeopardize the development process of developing countries and which should be formulated in the context of the interdependence of issues, policies and problems in the fields of trade, money and finance.

372. He added that policies at the national level, and negotiations among a few developing countries, would not by themselves enable the current crisis to be overcome. The sixth session of UNCTAD should be regarded as providing a major opportunity for the entire international community to tackle, at a high political level, the fundamental issues and agree on a framework of integrated measures. The agenda should be action-oriented so as to meet the need for establishing the modalities of international economic policy, taking into account the interdependence of problems and issues in the fields of trade, money and finance. Areas on which the Conference should address itself included strengthening the commodity sector in developing countries, problems of international trade, particularly the promotion of structural change, and consideration of the rules and principles governing trade. The Conference would also need to consider the monetary and financial problems relating to trade, the provision of a level of macro-economic performance which would not jeopardize the economic growth of developing countries, and measures to be taken by the international community and by developed countries in support of economic co-operation among developing countries.

373. It was important that the provisional agenda be finalized in the near future, and to that end he supported the suggestion of a resumed session of the Board not later than April 1982.

374. The representative of the Syrian Arab Republic suggested, in accordance with the position of the Asian Group, that, in addition to the issues explicitly proposed by the Secretary-General of UNCTAD, the agenda should cover shipping, technology, economic co-operation among developing countries, the least developed countries, island and land-locked developing countries, trade between countries having different economic and social systems and assistance to national liberation movements recognized by the United Nations and regional intergovernmental organizations.

375. The representative of Bangladesh stated that the note by the Secretary-General of UNCTAD provided a sound basis for further work. The sixth session of the

Conference would be held at one of the gravest periods of international relations and the agenda should accordingly be approached in a fresh spirit. He urged that the provisional agenda be finalized at the proposed resumed session of the Board in April or early May 1982.

376. Referring to the United Nations Conference on the Least Developed Countries; held in Paris in September 1981, he considered that implementation of the Substantial New Programme of Action for the 1980s for the Least Developed Countries that had been adopted on that occasion should be reviewed at the sixth session of UNCTAD. In that connexion, he supported the suggestion of the Secretary-General of UNCTAD that among the more specific topics to be discussed there should be that of the least developed countries and urged that a separate item be included in the agenda relating to progress in implementation of the SNPA.

377. The representative of Gabon, referring to the introductory statement by the Secretary-General of UNCTAD, said that Gabon, which was committed to global negotiations, supported the views in that statement to the effect that all areas of international co-operation should be included in the provisional agenda for the Conference, and could not support the view, held by certain countries, that the agenda should be limited to one or two supposedly major items.

378. The representative of Mexico stated that the number of opportunities for reaching international consensus on major economic issues was steadily shrinking. The sixth session of the Conference was one such opportunity. Another had been the Meeting on International Co-operation and Development held at Cancún among 22 Heads of State or Government in October 1981, which had been co-sponsored by his country. A third opportunity was the global negotiations which had been approved by the General Assembly and which, it was hoped, would soon be launched.

379. The opportunity offered by the sixth session of the Conference should not be lost. The Conference should concentrate on the most critical issues rather than attempt to tackle a whole range of problems. The agenda should, accordingly, cover not more than three or four questions on which concrete action could be expected, such as the evaluation of the world trade situation, which would include the problems of protectionism and structural adjustment; commodity trade, compensatory financing, etc.; transfer of resources, including the questions of international monetary reform, financial flows to developing countries and assistance on both concessional and non-concessional terms; the role of UNCTAD in economic co-operation among developing countries; and elaboration of a work programme for the next four years.

380. He welcomed the suggestions made by the Secretary-General of UNCTAD in his note and lauded his intention to prepare a limited volume of documentation of high quality for distribution well in advance of the Conference. The documentation should be action-oriented and should put forward policy proposals. He found attractive the possibility of a final act to be drafted prior to the Conference and negotiated during its session. He added, however, that it would need to concentrate on the most critical issues. He supported the view that the provisional agenda should be finalized before mid-1982 so as to enable the secretariat to prepare the documentation and to give Governments sufficient time to study it. His country would have wished that the next session of the Board be held at Ministerial level, but recognized that this view might not prevail.

381. The representative of China, expressing appreciation for the suggestions made by the Secretary-General of UNCTAD, stated that the sixth session of UNCTAD would provide a good opportunity of overcoming problems relating to the present world economic crisis and to the current deadlock in North-South relations. He called for efforts by the international community to adopt constructive measures and accelerate the establishment of the new international economic order. In his view, the agenda for the Conference should take particular account of the problems of developing countries; it should deal with both the most urgent matters and with the longer-term objectives; and it should cover a wide range of relevant issues, notably those suggested by the Secretary-General of UNCTAD. The Conference should also be the occasion for reviewing the implementation of agreements reached within UNCTAD. His delegation, too, was ready to participate in a resumed session of the Board in order to finalize the provisional agenda.

382. The spokesman for Group B supported the suggestion made by the Secretary-General of UNCTAD that the agenda should focus on major themes and that he should hold further consultations with Governments. Expressing the preliminary views of his Group, he found interesting the suggestions contained in the note by the Secretary-General of UNCTAD and said that his Group was ready to co-operate in the preparatory work for the sixth session.

383. Supplementing the statement by the spokesman for Group B, the spokesman for the European Economic Community and its member States welcomed the suggestions made by the Secretary-General of UNCTAD in his note and endorsed the view that the agenda should focus on the critical problems of the world economy. The three issues of concern referred to in paragraph 7 of that note should be retained as essential themes, namely, promotion of international trade, financial flows and problems of the commodity sector. As regards the special problems mentioned in paragraph 8 of the note, the Community wondered whether it was appropriate to discuss them at the sixth session. It might perhaps be better to incorporate those issues into the future work programme of UNCTAD to be approved at the sixth session.

384. He welcomed the intention of the Secretary-General of UNCTAD that the documentation for the session should be distributed before the end of 1982 and said that States members of the Community were ready to participate in a resumed session of the Board to be devoted to the formulation of a precise provisional agenda for the Conference. He emphasized, however, that the secretariat was in a position to proceed with the preparation of documentation independently of agreement on the convening of a resumed session.

385. As regards the organization of work, he said that the Board should consider the possibility of making the sixth session different from earlier sessions of the Conference by decreasing the number of its sessional bodies. It should also examine, in the period leading up to the Conference, the methods of work of UNCTAD and how these should be adjusted to meet the needs of the 1980s. The EEC countries had an open mind with regard to the form of the final document that would emerge from the Conference. They were prepared to consider the idea of a "final act", although they recognized the problems that might be involved in adopting such a document.

386. The representative of Austria stated that the gravity of the world economic situation, which was unlikely to change within the next 15 months, warranted efforts to intensify international co-operation. His country therefore supported the launching of global negotiations and urged that progress be made in ongoing

negotiations, particularly those conducted under the auspices of UNCTAD, and in the preparation of the sixth session of the Conference. He hoped that, at its present session, the Board would be able to contribute to the preparatory process for the sixth session of UNCTAD by working out the broad themes for the agenda so as to enable the secretariat to begin work on preparing the relevant documentation, without precluding any proposals which might be put forth by member States, at a later stage, regarding adjustments which might become necessary in the event of changing circumstances. Co-operation between member States and the UNCTAD secretariat was essential in such preparatory work. In his view, at the sixth session of the Conference there should be a debate on crucial world economic problems with a view to seeking solutions beneficial to developing and developed countries alike. He further called for a discussion of measures to ensure the functioning of a liberal and effective trading system, with respect to both official and private financial flows, and of problems relating to commodity prices and to the least developed countries. In that context, he expected that ratification procedures concerning the Agreement Establishing the Common Fund for Commodities would be completed by Austria by mid-1982 and hoped that the Common Fund would become operational before the sixth session of the Conference.

387. The representative of the United States suggested that the sixth session should be organized around general themes which fell within the mandate of UNCTAD provided to it by the General Assembly. He believed that the Conference agenda should reflect three objectives, notably, to exchange views at a political level among all countries on economic interdependence and the state of the world economy, including the socialist countries; to tackle the problems relating to the mandate of UNCTAD; and to elaborate a work programme for the next four years, including a review of the organization of the secretariat and the effective use of the resources available to support the work programme. Taking these themes into consideration, he suggested that the Conference agenda should consist of six themes: economic interdependence and the state of the world economy; promotion of international trade; promotion of commodity trade; concessional and non-concessional financial flows; the future work programme of UNCTAD; and a review of the institutional structure of UNCTAD and the effectiveness of rationalization efforts. He believed a thematic agenda of this type would allow the Conference to focus effectively on issues within its mandate and to organize around an efficient Conference structure. While the first two issues could be dealt with in plenary, he called for the establishment of four sessional committees to handle the other themes. He believed a larger number of negotiating groups would spread delegations so thinly that the concept of universal participation in the discussions and debates would be lost.

388. The representative of Sweden said that, while his country fully supported efforts to launch the global negotiations, normal work in different forums should proceed uninterrupted by developments concerning those negotiations. It was in that spirit that his country approached the preparation of the sixth session of the Conference, the work of which should proceed in such a way as to meet the expectations raised at Cancún.

389. He was in agreement with the Secretary-General of UNCTAD that there should be a concise agenda, focusing on a limited number of issues, and a restricted number of committees. The agenda should thus be short and action-oriented. He suggested three criteria for the choice of items: whether the Conference was a suitable and appropriate forum to handle the issue; whether the item was crucial to the

development process; and whether the item was ripe for action or for launching new processes. One example, which satisfied all three criteria, was stabilization of export earnings from commodities, that is, compensatory financing for commodity-related export shortfalls.

390. He welcomed the suggestion regarding the establishment, at the sixth session of a work programme for the coming four years, but said that such an endeavour should not dominate the session, the main task of which should be to handle issues fulfilling the three criteria mentioned. It should be stressed that the problems of the least developed countries should be dealt with by the Conference, either under a separate item or as an essential feature of each subject. He called for an early finalization of the provisional agenda and agreed that, to that end, the Board be reconvened in a resumed session.

391. The representative of Norway, elaborating on the statement by the spokesman for Group B, which he fully endorsed, expressed his delegation's appreciation for the note by the Secretary-General of UNCTAD and his initiative in seeking to organize the sixth session of the Conference somewhat differently from earlier sessions. Experience in the preparations for the fifth session, as well as of the session itself, clearly underlined the need for innovation.

392. Clearly, the decisive preparations for the sixth session of UNCTAD would be those taking place at the national level and within regional groups, but if those preparations were to lead to generally acceptable results it was essential that they should take place in a context of what might be called "global" preparations that provided appropriate guidelines. Those global preparations contained three broad elements: formulation of the agenda; organization of work of the conference; and consultations or pre-negotiations on matters of substance, leading up to the Conference itself.

393. He noted that most of the debate at the present session had focused on the first of these elements. The case for a selective and concentrated agenda had been made by a number of delegations and a consensus appeared to be emerging that priority should be given to the four areas suggested by the Secretary-General of UNCTAD: a broad review and assessment of the international economic situation, trade issues, financial matters and commodities. Within those broad themes it would be necessary to determine the specific issues that were ripe for action by the Conference, so that efforts in the preparatory phase leading up to the session would indeed result in action by the Conference. That approach would not, of course, preclude other items being included in the agenda for which it was felt that the Conference should exercise its supervisory function in respect of ongoing activities. One such item, for example, could be a review of the programme for the least developed countries.

394. As to the second element, the way the Conference was organized was as crucial in determining the character of the Conference as was the agenda. In his view, there had been too many sessional bodies at the fifth session of UNCTAD, which had made it difficult to take proper account of the interrelationships of the various subjects. Because the agenda and the organization of work of the Conference were closely linked, it followed from what he had said on the agenda that the sixth session of the Conference should have fewer sessional bodies than the fifth session and that the specific role and objective of each body established should be defined more clearly.

395. The third element in the global preparations, that of consultations or pre-negotiations leading up to the Conference, could hardly be over-emphasized. It was undoubtedly essential that, before the Conference, each group, in making its own preparations, should be exposed to the views of other groups. He was, therefore, pleased to note that the Secretary-General of UNCTAD had placed much emphasis on this consideration.

396. His delegation had no firm views on whether the Conference should adopt a final act or programme of action in a single document or whether a more traditional approach should be envisaged. Like the States members of EEC, it would consider the question favourably and with an open mind.

397. The Secretary-General was to be lauded for his intention that the documentation should be ready by the end of the year, which would enable it to contribute valuably to the preparatory process. It was therefore in the Board's own interest to finalize the provisional agenda at a resumed session.

398. The spokesman for Group D said that preparatory work for the sixth session of UNCTAD should receive priority attention. Group D considered that the sixth session would be an important landmark in the restructuring of international economic relations. It would be a sound occasion for the examination on a universal basis of the current world economic situation. Such universality was an indispensable condition for an effective discussion and solution of the problems involved. Problems relating to disarmament had a direct bearing upon trade and development, and hence they should be examined by the Conference at its sixth session. The countries of Group D considered that it was also important to provide, at the sixth session of UNCTAD, for the possibility of considering the problem of the impact of the multilateral trade negotiations on international trade in all its flows. Commending the note by the Secretary-General of UNCTAD, he said his Group was ready to consider his suggestions as the basis for discussion regarding preparatory work. It could also agree to the suggestion of a resumed session to finalize the provisional agenda and would participate in the consultations that the Secretary-General of UNCTAD intended to have on these matters.

399. In a subsequent statement, at the 580th meeting, on 19 March 1982, the spokesman for Group D referred to a number of considerations concerning the provisional agenda for the Conference that his group had earlier put forward in the President's Contact Group. The Board agreed that these considerations, which had been set out in a conference room paper, should be annexed to its report (see annex III).

400. At the same meeting, the spokesman for the Group of 77 noted that his Group had already given its general reaction to the note by the Secretary-General of UNCTAD (TD/B/L.614) in which he had set out his ideas on the provisional agenda for the sixth session of the Conference. Before indicating, in somewhat more detail, the views of the Group of 77, he wished to express its appreciation for the positive statements made by a number of delegations from Group D and Group B, and by the representative of China, who had indicated their general support for the thrust of the provisional agenda as proposed by the Secretary-General of UNCTAD.

401. He recalled that, at the fifth session of UNCTAD, the agenda had covered all items within the mandate of UNCTAD and that they had been given equal weight. In drafting the provisional agenda for the sixth session, that should be avoided. His Group wished to have a selective agenda which highlighted the major issues

confronting the world economy. It wished to define the appropriate policies and measures not only to eliminate constraints on world economic recovery, but also - and what was more important - to promote structural change in the world economy which would stimulate the growth and development of developing countries. The Group of 77 fully agreed with the views expressed by other delegations that the agenda should place emphasis on a few main topics. A review and analysis of policy measures required for structural changes leading to the establishment of a new international economic order would be an excellent starting point and an appropriate frame within which to consider the other issues. Such an agenda item should not be considered merely a review of the present world economic situation but should be viewed as going further, identifying the interrelationship between the issues of trade, money and finance and development. Under that item, the Conference should seek to formulate policy proposals which would contribute to the growth and development of developing countries and, consequently, of the global economy. The Group of 77 had always been consistent on this score and reiterated that the growth and development of developing countries was an essential element in world economic recovery.

402. The first agenda item would set the appropriate frame for the other three main items which his group had in mind namely, expansion of world trade, commodities, and monetary and financial issues relating to trade and development. To achieve an expansion of world trade would require that appropriate measures be taken to remove the protectionist measures prevailing in the industrialized countries, to facilitate structural adjustment and to eliminate the adverse terms of trade which developing countries faced. The Group of 77 believed that, in that context, the review of the principles and rules of the international trading system and the distorted way in which they were being implemented should be an important element. Trade in commodities were also an important element, but the commodity problems facing developing countries went beyond those related to trade. For the past several years, his Group had sought, within UNCTAD, under the aegis of the Integrated Programme for Commodities, to secure remunerative prices for the commodity exports of developing countries. It had failed in that effort and the prices of commodities were at the lowest levels in over 20 years. The stabilization measures foreseen in the international commodity agreements had not come about. There had been a failure to put in place compensatory financing measures and there had been few instances of new commodity agreements. Apart from the Agreement Establishing the Common Fund for Commodities, IPC had not lived up to his Group's expectations. It would be necessary, therefore, to review the Programme and to devise measures which were appropriate and necessary in the present disastrous circumstances facing commodity producers. In that regard consideration should be given not only to the changing structure of commodity trade and the need for improving marketing, processing, distribution and transportation, but also to the role of international trading firms in the commodity markets, including commodity exchanges in the industrialized countries, which might have adversely affected the interests of developing countries.

403. The Group of 77 considered that the Conference should also focus on the question of enlarging the share of developing countries in world trade in and production of manufactures and semi-manufactures, with a view to attaining the Lima target of 25 per cent for production which had been adopted by the international community and the target of 30 per cent for trade that the developing countries had set themselves at Arusha.

404. In the area of money and financing related to trade and development, the situation facing the developing countries was as acute as for commodities. The Group of 77 had earlier alluded to the rising debt service resulting from high interest rates on loans contracted in reserve currencies, the failure of the international monetary system and the excessive burden that developing countries had had to bear because of wildly fluctuating exchange rates, inflation and restricted access to capital markets. The ODA targets of 0.7 per cent of GNP for flows to developing countries as a whole and 0.15 per cent for flows to the least developed countries had not been met by a number of industrialized countries. In the present circumstances it was necessary, and more important than ever, that concessional flows be made available to developing countries in meeting their financial requirements for development. Undue reliance on private capital markets had led to severe strains not only on the borrowing countries members of the Group of 77 but also on the financial system as a whole. Progress in the whole area of money and finance related to trade and development had been regrettably slow and uneven. His Group had expected that after Manila there would have been tangible and concrete results in terms of contributing to an over-all solution to the problems in this area. It did not accept that the solutions should be left only to the major industrialized countries, using their exclusive network of arrangements and relying only on the Bretton Woods institutions. The improvement and strengthening of the existing international financing institutions, with a view to enhancing their assistance in the development of developing countries, should also be a focus of attention at the sixth session of UNCTAD.

405. There was a very close interrelationship between the problems facing the developing countries in trade, commodities and financial flows; those issues could not be addressed in isolation from each other. Protectionist measures taken in the field of trade had an impact on the capacity of developing countries to pay for their imports, forcing them to fill the gap by borrowing. With borrowings at present real positive interest rates, it was difficult to see how the developing countries, given the present monetary and financial system, could sustain growth and achieve adequate levels of development.

406. As regards the least developed countries, his group believed that the international community had made a firm and positive commitment to assist those members of his group that fell into that category. However, by the time of the sixth session of UNCTAD, it would be nearly two years since the Paris Conference at which the Substantial New Programme of Action for the 1980s had been adopted. Even now, the Group of 77 did not believe that those commitments were being translated into tangible benefits. It felt strongly that the sixth session could provide an important forum for a political review of the progress made in the implementation of SNPA, which should be a separate agenda item.

407. Another item which the Group of 77 considered of importance related to services, and to shipping in particular. He noted that this subject had already been accepted as part of the continuing programme of work in relation to trade. Services, however, were also an important aspect of the monetary and financial issues related to development. Consequently, his group believed that, at its sixth session, the Conference should be prepared to consider these issues and to propose ways in which developing countries might increase their earnings from services.

408. The Group of 77 attached vital importance to ECDC, which, it considered, should be the subject of a separate agenda item. A great deal more needed to be

done to ensure that the programme on ECDC was implemented and that it met the interests of developing countries.

409. The Group of 77 could readily endorse the proposals for the Conference to be organized so as not to stretch the resources of small delegations. It was still considering the suggestion of the Secretary-General of UNCTAD that the results of the Conference could take the form of a final act or a similar document. In any event, the final results of the Conference should include ideas and principles, as well as resolutions on specific subjects and directions for implementation.

410. The Group of 77 believed that the sixth session of UNCTAD should and could make a real contribution to resolving the most pressing problems facing the world economy, and chart a more equitable and sustained path. A serious commitment to concentrate on these major items, with a view to agreeing on joint action, would be a major contribution and would justify the high hopes that Governments placed in UNCTAD.

411. It was, of course, to be expected that at the Conference there would be a number of important matters that would need to be addressed. They would not necessarily be of the same order of priority and importance as those which were crucial to changing the structural imbalances in the world economy, but they were nevertheless important to the Group of 77. In that regard, he believed that it was only right and proper that the Conference should review the ongoing programme of work in UNCTAD. Where there were serious political obstacles to agreement as the sixth session approached, States members of UNCTAD might wish to give these matters special attention. His group had not yet ruled out alternative courses of action, but it believed that perhaps the best way of dealing with these topics would be to group them together under a general heading of "Review of the work programme" and to ask the Secretary-General of UNCTAD to prepare a report summarizing the most recent developments while identifying any difficulties. That approach would allow an appropriate sessional committee to deal, item by item, with the issues. He had not attempted to list all of the activities in the ongoing work programme but drew attention to the particular concerns of the Group of 77 that would be taken up: land-locked developing countries, island developing countries, and UNCTAD's assistance to national liberation movements recognized by the United Nations and regional intergovernmental organizations. The United Nations system should be more responsive in providing technical assistance to developing countries and, of course, in attributing to UNCTAD its appropriate role.

412. He did not wish to open a debate, either now or at the sixth session of UNCTAD, on the mandate of UNCTAD. His group believed that General Assembly resolution 195 (XIX), as amended, and the achievements of the organization over the years were sufficient testimony to its efficacy. What was needed was for Governments, particularly those of developed countries, to play a constructive and co-operative role in UNCTAD.

413. The Group of 77 supported the resumption of the current session in May 1982, at which time there would be an opportunity to discuss with other regional groups the draft provisional agenda, with the aim of finalizing it. At the same time, the Secretary-General of UNCTAD, taking due account of the observations of the various groups, might wish to make some suggestions regarding the organization of the

Conference, bearing in mind the statements made in the Board and the relevant provisions of paragraph 3 of Board resolution 231 (XXII) which, inter alia, referred to the effective participation of Ministers.

Action by the Board

414. At its 580th meeting, on 19 March 1982, the Board decided to hold a second part of its twenty-fourth session, from 11 to 13 May 1982, for the purpose of finalizing the provisional agenda for the sixth session of the Conference (see annex I, Other decisions, (e)).

CHAPTER VI

PROTECTIONISM AND STRUCTURAL ADJUSTMENT

(Agenda item 7)

415. For the consideration of this item the Board had before it the following documents prepared by the UNCTAD secretariat:

(a) "Protectionism and structural adjustment in the agricultural and other commodity sectors" (TD/B/885);

(b) "Trends in world production and trade" (TD/B/887 and Corr.1); 29/

(c) "Protectionism and structural adjustment in the world economy" (TD/B/888). 30/

416. This item was referred to Sessional Committee II for consideration and report. Paragraphs 417-567 provide an account of the discussion in the Sessional Committee.

417. The Chairman of Sessional Committee II recalled that protectionism and structural adjustment had been one of the major items dealt with by the Conference at its fifth session and that the Conference had decided, in resolution 131 (V), to entrust to the Trade and Development Board the organization, in an appropriate existing body, of an annual review of the patterns of production and trade in the world economy and to request the Board and its subsidiary bodies concerned to continue to review developments involving restrictions of trade. With regard to the latter, he recalled that the Board, at its twenty-second session in paragraph 1 (b) of its resolution 226 (XXII), had decided that this review should be carried out with a view to examining and formulating appropriate recommendations concerning the general problem of protectionism.

418. Opening the discussion, the representative of the Secretary-General of UNCTAD expressed the view that the achievement of swift and positive results in the area of protectionism and structural adjustment, even in the grim conditions facing the world economy, might not be all that far out of reach. What seemed essential was the establishment of a pattern of behaviour by all concerned, particularly the most influential countries, that would not only serve their self-interest but would also be set in a more universal perspective. In many cases, action which was taken essentially in response to domestic needs, but which did not disregard the universal implications, could yield positive results for all concerned.

419. Referring to the documents submitted by the secretariat under this item, he said that document TD/B/887 and Corr.1 gave detailed factual and analytical material that provided the statistical background to the more policy-oriented discussions on the implications of the changing structure of world production and trade. He pointed out that services were among the fastest growing sectors of international trade and that, in 1980, the value of world trade in services had been on the order of \$700 billion.

420. In TD/B/888, "Protectionism and structural adjustment in the world economy", which was a more policy-oriented document, he said that structural change had been

described as the handmaiden of economic development. Structural adjustment policies were policies designed to regulate the speed of structural change (that is, to accelerate or decelerate it) in order to minimize the costs involved in the process. TD/B/888 contained a review of the role and significance of recent restrictions to trade of both a tariff and a non-tariff nature. The quantitative evidence relating to tariffs revealed that, while in the major markets the prevailing tariff rates were quite low on average, they were still of considerable importance for many sectors, particularly for those products of export interest to many developing countries. In an aggregate sense, it appeared that developing countries, as a group, attached more importance to tariff protection than did the developed countries. For several reasons quantitative information on tariffs had to be treated with considerable caution. A high-tariff country, for example, could be a country which had chosen to protect certain industries in a transparent fashion; and, as was argued in the documentation, transparency in itself was a laudable characteristic. If a choice had to be made between high tariffs and transparency, on the one hand, or low tariffs supplemented by the use of non-tariff measures, on the other hand, then the preference had to be clearly for protection characterized by high tariffs. It was for that reason that the secretariat was striving to produce an over-all reliable picture of tariff and non-tariff measures. The document contained a brief report on the present status of the secretariat's work to provide a comprehensive information base for the factual and analytical studies called for in Board resolution 226 (XXII) on restrictions to trade, including the inventory of non-tariff barriers affecting developing countries. To ensure that the picture, in so far as it concerned non-tariff measures, correctly reflected the situation, the secretariat had taken the initiative of supplying to each of the member countries for which such information had been compiled the relevant extract from the draft inventory. So far, this procedure had involved the main developed market-economy countries. A similar procedure for socialist countries of Eastern Europe and the developing countries would be pursued as work progressed.

421. Regarding reactions by Governments to the extracts sent to them, he said that they had often entered into a critical but constructive dialogue with the secretariat about the contents of the inventory and had provided additional information for inclusion. This he interpreted as evidence of the desire of a number of countries to move on to more concrete ground. He underlined that, in drawing up the inventory, the secretariat had chosen to list non-tariff measures, as opposed to non-tariff barriers. Included as measures had been any official actions of a non-tariff nature that had the potential of affecting trade.

422. He said that this rather technical (and ostensibly apolitical) exercise had provoked considerable concern on the part of some Governments, which stemmed largely from a perceived apprehension that listings could eventually require the endorsement of Governments at some stage in the process, and thereby acquire a status which at that early stage Governments had not envisaged. From the operational standpoint, perhaps the most important feature of the consultations had been the extent to which views differed among Governments over what actually constituted a non-tariff measure capable of affecting imports, let alone what constituted an actual non-tariff barrier to trade.

423. He considered that the material contained in the draft inventory showed clearly that protectionism in the agricultural sector was particularly intense. A recently completed study had noted that a reduction of 50 per cent in agricultural trade barriers in OECD countries would result in an increase of approximately

\$8.5 billion per year in world trade (in 1977 prices), 36 per cent of which would accrue to 56 developing countries, each of which had a population of more than 4 million, and 20 per cent to exporters of agricultural products in OECD countries themselves. 31/ From the information processed so far, it was apparent that protectionism in the agricultural sector was relatively high in many developed countries and quite low in most developing countries. The protection afforded this sector was mostly of a non-tariff nature and resulted from policies that were primarily directed to meeting domestic objectives. A major factor affecting the imports of agricultural products into a number of Western European countries was the incidents of variable levies. It was also important to note that the nature of the non-tariff measures employed was such that they might have unfavourable implications for the achievement of other international objectives, such as the stabilization of world commodity prices. It would seem important, therefore, for the Board to consider to what extent the origins of protection in the agricultural sector were different from those of other sectors and whether a different approach should be adopted in the agricultural sector.

424. He observed that, in the manufacturing sector also, there was a wide range of non-tariff measures employed in all countries. They included prohibitions on imports, quotas, subsidies, State trading, and preference to domestic suppliers.

425. As far as the salient characteristics of contemporary protection were concerned, there had also been a move away from multilateralism, with greater emphasis now being placed on bilateral actions which deviated from the accepted multilateral principles. This growing bilateralism served to highlight the relative bargaining strengths of different trading partners and led, perhaps, to an even greater degree of discrimination in the trading system than had been apparent in much of the post-war era. As for the bilateral restraint arrangements, they were a reflection of the persistent breakdown of multilateral discipline in international trade, as well as an example of the unfortunate growing tendency to resort to less "transparent" trade regulatory measures.

426. He added that, because of their importance, the activities of the agents of economic change, in particular transnational corporations, could not be neglected in any debate on the need, desirability and manner in which to effect global structural change.

427. It could be argued that the way in which Governments intervened in their domestic markets was their concern alone. Yet, in today's interdependent world, the manner in which trade was regulated did not create effects that were felt by the importing country alone, and costs were likely to be borne by exporting countries as well as by other importing countries. For that reason, considerable concern had been expressed at the lack of transparency in the regulation of international trade. Clearly, costs could not be apportioned, and countries could avoid responsibility, if precise details of their actions were not known. For that reason, he had been at pains to emphasize, as did the documents prepared by the secretariat, the need for a greater degree of transparency in the regulation of the international trading system. The documents also showed that there was a growing degree of discrimination entering into the international trading system. There could be no justification on economic grounds for discriminatory treatment with respect to different suppliers. If the motivation was the desire to protect traditional markets in an attempt to avoid the attrition of internationally concentrated power (both private and public), then the nature of the game that was being played was quite different and had to be handled differently. In all logic, a greater resort to bilateralism in an attempt to resolve urgent and significant difficulties meant a decision to rely to a greater extent on bargaining leverages.

428. He said that the next important stage was to translate impressions and intentions into concrete initiatives. One question which offered scope for a particularly constructive dialogue was how to gain a better understanding of which non-tariff measures constituted barriers to trade, and why different countries employed different measures for different purposes. One could argue convincingly that these matters should come first on any agenda for discussions aimed at a better understanding of restrictions to trade. A further area of enquiry that might be profitably pursued simultaneously related to what appeared to be a generally felt need for a greater degree of transparency in the manner in which international trade was currently regulated. In particular, there were instances where not only one trading partner was unaware of the practices of another trading partner, but also some national authorities were unaware of the complete profile of non-tariff measures affecting their own trade flows. This raised the question of the need for strengthening the functions of existing national institutions or the creation of new ones to deal with these lacunae. A further question related to the desirability of having the same or another body at the national level monitoring and evaluating the impact, as well as the merits and demerits, of various measures restricting trade. A closely connected issue was that of the need for an international exchange of such information, which would bring a greater understanding of the problems and intentions of countries. It might also be useful to consider the idea of having some degree of international surveillance of the nature and frequency of non-tariff measures in different countries. In negotiating restraint of exports there was frequently an implicit or explicit understanding that the importing country would engage in some domestic restructuring. Monitoring of such structural adjustment frequently occurred within countries, but here again there was perhaps scope for some degree of international reporting and sharing of information. There would then be a greater degree of transparency in the trading system, coupled with the possibility to observe and assess the implications of the nature of arrangements, discriminatory or otherwise, entered into.

429. Finally, he said that if Governments considered that the appropriate course of action was managed trade, it would clearly be necessary to establish multilaterally agreed rules and then review the ensuing action to ensure adherence to the rules. Such an approach would, however, impinge upon the nature of the institutional framework for the international trading system, a subject which could be discussed appropriately in the parallel issue currently before the Board, namely, that of developments in the international trading system.

430. The spokesman for the Group of 77 said that the work of Sessional Committee II was very significant since it initiated a process in UNCTAD that had great importance for the world economy, particularly in the sectors of trade and development. He hoped that, through these deliberations, a significant contribution would be made towards the preparations for the sixth session of UNCTAD. He considered that the documents prepared by the secretariat were very helpful because they were analytical and factual and provided a technical background for the discussions.

431. He believed that the subject of protectionism and structural adjustment had to be considered in the over-all context of the decisions taken by the world community on various occasions, particularly General Assembly resolutions 3201 (S-VI) and 3202 (S-VI) on the Declaration and the Establishment of a New International Economic Order, the International Development Strategy for the 1980s, and Conference resolution 131 (V). The various commitments expressed in those resolutions by the developed countries had to be borne in mind, in particular the

provisions regarding the dismantling of protectionist measures and the adoption of policies and measures promoting structural adjustment. There were a number of disturbing features in the world economy, particularly with regard to the developing countries, which had to be kept in view in considering the subject. He drew attention to the decline, in real terms, of the export earnings of developing countries and in their terms of trade. Their production of agricultural products in relation to demand was also declining. There was also a decline in their growth of output of manufactures and a lack of sufficient progress in enlarging their share of world trade in manufactures. As a result of the severe structural imbalance in the world economic system, the current-account deficit of the non-oil exporting developing countries in 1981 was approximately \$90 billion and their outstanding debt burden was, at the end of that year, nearly \$400 billion. If, in spite of the severe difficulties faced by the developing countries, they had nevertheless achieved some growth in production and trade, it was mostly because they had made sacrifices by having an average domestic savings rate of around 20 per cent.

432. Referring to the high rates of tariffs in the agricultural and commodities sector, the level of which escalated with the degree of processing, he said that these tariffs impede the development process of the developing countries, most of which depended on low-technology processing activities using their domestic raw material. Tariffs were also high on manufactured items that were of particular export interest to developing countries. The nature of non-tariff measures was such that they discriminated mostly against the developing countries. In many cases, bilateral protectionist arrangements were arrived at in which, naturally, the developing-country partner suffered. In brief, there was a lack of transparency, objectivity and multilateral discipline. This was indicative of a basic contradiction between the pronouncements of the developed countries and the policies and measures which they adopted. The protectionism practised in developed countries was also affecting third-country markets for developing countries. It not only affected the prospects of market access for developing countries but also had a much more serious effect in impeding the process of development of these countries. There was an urgent need for adherence by the developed countries to the commitments undertaken by them.

433. He said that it was now well understood that protectionist measures rarely solved the problems which they were designed to tackle. What was needed instead was a rapid process of structural adjustment in the developed countries. Alongside autonomous adjustment in industry and trade, there was also a need for conscious effort by Governments towards this goal through various measures. In particular, there was an urgent need for the developed countries to adhere to the commitments which they had made on numerous occasions not to introduce new protectionist measures and to dismantle old ones. He pointed out that the 9 or 10 per cent unemployment rates faced by developed market-economy countries would have been much higher if the developing countries had not, through their own sacrifices and through assuming a heavy burden of debt, gone ahead with their process of development. Against this background, he expressed the hope of the Group of 77 that its trading partners would approach in a constructive manner the issues which had been raised and would seriously consider bold alternatives.

434. The spokesman for Group B stressed the need to keep in mind the terms of reference for the annual reviews of patterns of production and trade in the world economy, carried out in accordance with Board resolution 226 (XXII). He considered that the documents submitted by the secretariat were a considerable improvement on

previous studies and contained passages of descriptive validity to which Group B delegations would refer in their individual statements. He regretted, however, that the documents had been issued rather late, especially in languages other than English. He expressed the hope that, in the light of the exchange of views in the Board, future studies would conform even more to the three basic criteria, namely, that they should be comprehensive, factual and analytical. In particular, it would be useful to have a comprehensive, presentation of accurate figures in absolute as well as in percentage terms. Also, he would like to see the studies analysed in the same depth and to set out, with the same detail, statistical information concerning all trading countries and groups of countries, and to see the same degree of attention being paid to all sectors concerned, including services and agriculture. Finally, it was necessary to deal in a more balanced way with the many factors - domestic as well as international - that were relevant to the discussion of structural change. Group B felt that studies should ensure a closer correlation than before between the analyses made and the conclusions reached.

435. He pointed out that there were a number of encouraging features to be noted, such as the greater degree of diversification and industrialization in the economies of a number of developing countries and a broadening of their basis of international trade through the growth of South-South trade. On the other hand, he felt that the economic climate rendered both difficult and more necessary the complex task of ensuring structural adjustment and the development of international trade in the interest of all countries, in particular of the developing countries. It was necessary, therefore, to try to see what lessons could be drawn from past experience or what seemed to be the main lessons for all in the future. All countries - developed market-economy countries, State-trading countries and developing countries - had a role to play. Finally, he said that, in a spirit of facing problems together in the search for suitable solutions, Group B would contribute at the current session to the debate on the important substantive issues raised.

436. The spokesman for Group D said that his Group was particularly satisfied with the documentation by the secretariat, since it covered all trade flows from all groups of countries. The documents left no doubt about the fact that the socialist countries were among the primary losers in current protectionism. He shared the assessment of the representative of the Secretary-General of UNCTAD with regard to protectionism in the agricultural sector. In agricultural trade, the law of the jungle prevailed. With regard to the question of discrimination, he said that this was not a new issue for the socialist countries, and he was glad that some other countries were now realizing the importance of non-discrimination as an elementary rule of international trade.

437. The representative of China noted with regret that there had been a continuous strengthening of protectionist measures adopted by some developed countries. This protectionism had increasingly been adopted under the guises of "bilaterally agreed quotas", "orderly marketing arrangements", "voluntary export restrictions", "trigger prices", and so on. Moreover, the range of products subject to protectionist measures had widened. Most of the sectors affected by protectionist measures were in the newly established industries of developing countries, and the affected products in many cases constituted their main source of export revenue.

438. He called attention to the slowing down of the growth of world trade in recent years. As had been pointed out in TD/B/888, the ability of the developed market-economy countries to adjust structurally in the 1950s and 1960s had been an

important contributor to the marked industrial expansion that characterized this period. Conversely, difficulties in effecting needed structural adjustments, often accompanied by increased pressure for the adoption of protectionist measures, had been an important contributor to slower growth in the second half of the 1970s.

439. He said that the developed and the developing countries shared common needs and interests in restricting protectionism and in making structural adjustments. The adoption of structural adjustment policies by the developed market-economy countries, as well as the reduction of their restrictions on products exported by developing countries, would not only be favourable to the developing countries but would also enable the developed market-economy countries themselves to realize a more rapid economic revival.

440. The Chairman of the Sessional Committee noted that there were four points in the statement made by the representative of the Secretary-General of UNCTAD to which it would be useful for delegations to direct their comments: the extent to which the origins of protectionism in the agricultural sector were different and whether a different approach was needed in this sector; the question of, and appraisal of, the sources of market disturbances; the question of which non-tariff measures constituted barriers to trade; and the need for a greater degree of transparency and the possible national and international measures for achieving this transparency.

441. The representative of Japan stated that his Government wished to comment on some parts of chapter II, section A, of document TD/B/888, which referred to the tariff and non-tariff measures of Japan. Referring to paragraphs 20-40 of the document, which dealt with the tariff protection problem, he said that he understood that the tariff rates used by the secretariat were those calculated on the basis of old data, namely the tariff rates and import values of 1976, that is, before the conclusion of the multilateral trade negotiations. However, there was no mention in the document of the precise year for which the relevant data had been collected. It was regrettable that the figures and descriptions relating to the tariff rates of Japan thus gave the wrong impression that they related to the situation today. With a view to avoiding a recurrence of this kind of wrong impression or misunderstanding, he requested the UNCTAD secretariat not only to indicate explicitly the basis of its statistical and calculating methods, but also to seek advance confirmation of essential statistical figures from the countries concerned before the issuance of documents. After calculating the actual tariff rates of Japan applied in 1976, in exact accordance with the method used by the UNCTAD secretariat, he said that his Government had come to the conclusion that, as far as Japan was concerned, the figure given by the secretariat was completely wrong. The actual tariff rate for Japanese imports from the world in 1976 was 4.5 per cent, instead of 7 per cent, without taking into account preferential rates under the GSP. Furthermore, so far as agricultural products were concerned, the true corresponding figure was around 10 per cent, instead of 23.6 per cent. The figure of 7 per cent which the UNCTAD secretariat had given as the average tariff rate for imports of Japan was therefore totally unacceptable and should be corrected. He added that the tariff burden ratio - that is, the average of tariff rates that were actually applied to Japan's imports from the world - was 2.6 per cent in 1981 (see also the statement by the representative of Japan in plenary, under agenda items 3 and 4, reported in paragraph 89 above).

442. On the subject of non-tariff measures, he pointed out that the internal taxes of Japan were treated as a non-tariff measure in paragraph 50 of the document. However, these taxes could never be regarded as a non-tariff measure, inasmuch as the internal taxes in his country were levied on all goods, on a non-discriminatory basis, whether they were domestically produced or imported. For this reason, his delegation requested the UNCTAD secretariat to correct this description about the internal taxes of Japan.

443. He suggested that another study, containing more reliable figures and accurate descriptions on the problem of trade restrictions, should be issued in the near future so that the discussions on the subject could continue on a more solid basis. In the meantime, he appealed to all delegations to refrain from referring to the figures and descriptions concerning Japan's tariff and non-tariff measures contained in document TD/B/888.

444. The representative of the Secretary-General of UNCTAD, responding to the foregoing remarks, said that the secretariat appreciated the concern of the Japanese authorities. He regretted that no mention was made in document TD/B/888 as to the precise year (1976) for which the relevant data had been collected. He recalled that a number of discussions had taken place. Before the current session of the Board, and following exchanges of views, the secretariat had verified once again the figures presented. In addition, in presenting the figures, the secretariat had compared its findings with estimates made by other independent bodies. There was no indication from this cross checking that its estimates were unduly high. The UNCTAD secretariat was none the less ready to continue studies on this matter, in consultation with the member countries concerned. With regard to the view that internal taxes were not a non-tariff measure, he said that, as these measures were applied to imports, they had been considered to be non-tariff measures. The secretariat had not made any judgement as to whether they were non-tariff barriers.

445. In a further statement, the representative of Japan expressed the view that the analysis presented in document TD/B/888 and in the introductory statement by the representative of the Secretary-General of UNCTAD tended to focus more on trade-related protectionism than on structural adjustment for development. Structural adjustment and international trade, through an interacting process, could facilitate a shift of capital and labour towards growth sectors, thus breaking the prevailing vicious circle of protection of declining industries and the introduction of trade restrictions. The definition of structural adjustment by the secretariat in its report was not quite appropriate, as it overemphasized the external factor, namely, the shifts in comparative advantage. Shifts in productivity, technological advance and demand patterns, as well as trade flows, had to be included in the definition. Positive adjustment measures applied by Governments had to be compatible with market forces and the activities of the private sector. Referring to the discussion of retained value in the report, he expressed some doubts about the usefulness of the concept as presented. He shared the views expressed by some other delegations that due evaluation had to be made of the positive contribution of transnational corporations. His delegation was also not convinced of the relevance and adequacy of the analysis of the effects of exchange-rate fluctuations contained in the documentation. He stressed the importance of adopting adjustment policies based on market forces instead of imposing import restrictions. He also expressed support for the idea that the importing countries should bear the burden of responsibility for demonstrating a direct casual link between market disturbances and imports, and that, even if such

a link were established, import restrictions should be non-discriminatory. In his view, this idea was operationally important in order to restore discipline in international trade. In conclusion, he added three questions to the list of study areas that had already been suggested: (a) the effects of the price of energy inputs on the production costs of various manufacturing industries; (b) the investment climate, to be analysed in connexion with export performance; and (c) an empirical study of diversification, intra-industry and inter-industry specialization, and other structural adjustment processes within developing countries.

446. The representative of Egypt expressed appreciation for the excellent documents prepared by the secretariat. They showed that there was growing evidence that the international trading system had become less open, less efficient and more discriminatory. He recalled that the Lagos Plan of Action 32/ had called for setting up a new framework for international trade. Protectionism could not bring long-term solutions and history had shown how the opening up of new markets had contributed to economic expansion.

447. The representative of Sri Lanka welcomed the excellent documentation prepared by the secretariat. The report on protectionism (TD/B/888) quite rightly stressed the growth of flexible forms of protectionism which relied on greater recourse to bilateral procedures, but he was puzzled by the references to the "conservative social welfare function" contained in paragraph 97. However, he felt that the report had done well in pointing out the scepticism with which some countries might now be viewing the potential contributions which their external sectors could make to their over-all economic development. That was not at all surprising, since neither the recovery of world trade nor the removal of restrictions on a wide range of exports was in sight. The experience of his country was particularly revealing in this respect. Since 1977, his country had had a relatively open trading system but had been unable to reap the full benefit of its adjustment policies. That was largely due to an inhospitable external environment which included stubborn resistance to structural adjustment and increasing protectionism. This was particularly apparent in the case of textiles and clothing, where a relatively small supplier, such as his own country, was under restraint in the markets of a number of developed market-economy countries, while trade in this sector among developed countries was not subject to such restraint. It seemed ironic that structural adjustment should be undertaken by the very countries that were least able to do so.

448. The representative of Chile said that his country had been, for some years, undergoing very rapid structural adjustment. As a small open economy, Chile attached great importance to the issue of protectionism and structural adjustment. In recent years, the burden of adjustment had been borne disproportionately by the small countries. As the secretariat had noted, protectionism was directed largely against competing developed- and developing-country suppliers that had achieved substantial export capabilities. The role of imports in aggravating unemployment was sometimes emphasized, but studies had shown that changes in demand and in productivity had been more important than imports in this respect. He suggested that, in order to facilitate international co-operation in this area, future studies should be in greater depth, so as to identify rigidities and sectors which faced the most acute problems. In this respect, he added that the agricultural sector should be dealt with, for which purpose he suggested that, for the next annual review, the secretariat should complete its analysis with a document which analysed that sector in greater depth and which included, among other elements,

policies applied to wages, employment, incomes, and subsidies granted both to domestic production and to exports. The slower liberalization achieved in agriculture, and the major distortions in that sector, made it a matter for priority consideration. He also proposed that a plan of action for liberalizing world trade be drawn up. That would enable the Board to convert its intentions into specific action.

449. The representative of Australia stated that his Government was greatly concerned with the issue of protectionism and the implementation of positive adjustment policies. At the fifth session of UNCTAD, the Prime Minister of his country had stated that if protectionist pressures were not resisted, they would jeopardize the future growth of developing countries and would make a mockery of talk of "interdependence" and of claims that the best prospects for developing countries lay in working within the existing system.

450. He said that recent world economic and trade performance contrasted unfavourably with the experience of the 1960s and even of the 1970s, as had been pointed out by the Secretary-General of UNCTAD in his opening statement to the Board. In the absence of a renewal of non-inflationary economic growth, the recent trend towards the proliferation of negative trade measures, and other economic policies with negative adjustment effects, was likely to impose further restraints on the potential for recovery.

451. Referring to the documents prepared by the secretariat, he said that, while they were perhaps incomplete, they nevertheless represented a major contribution to the literature on protectionism and its effects on developing countries. Although the issue of protectionism in agriculture had not been fully treated in the documents, he was pleased at the attention which this subject had received in the statement by the representative of the Secretary-General of UNCTAD. In particular, he was impressed by the figure which had been cited for the income gains which could be realized by developing countries through the elimination of agricultural protectionism. In his view, a review of agricultural protectionism and the need for positive adjustment policies in the farming sectors had to be an integral part of any over-all review of protectionism. He therefore proposed that an intergovernmental group of experts be established to examine the extent of protectionism in the agricultural sector, the need for positive adjustment policies in that sector, and the consequent effects of these policies on developing countries.

452. The representative of Brazil said that the increased use of protectionist devices made the proper functioning of the world trading system more difficult. In recent years, this increase had been reflected in deviations from multilateral norms such as orderly marketing arrangements, voluntary export restraints, "industrial systems protection", "supplementary imports" and reasonable departures. These constituted the "underworld" of the international trading system. He was pleased that the Board now had an opportunity to discuss this matter, including areas such as agriculture and services. His delegation felt that, while the discussion of services had no place in GATT, since its competence was limited to the matters covered by the General Agreement, the broad sphere of competence of UNCTAD in the field of trade and development made it the appropriate forum for the discussion of this subject.

453. Referring to table 13 in document TD/B/887, he said that, in the case of Brazil, exports of manufactures to developed market-economy countries had

encountered considerable obstacles in recent years, owing to increased resort to protectionist measures and to rigidities in the industrial structures in some sectors of some of those countries. Thus, the share of Brazil's exports of manufactures which went to western Europe and to the United States of America had fallen from 30 per cent and 23.7 per cent, respectively, in 1963, and to 20 per cent and 17.8 per cent, respectively, in 1980. He drew attention to the recent statement by the Managing Director of IMF, to the effect that the deep-seated rigidities in industrial countries must be tackled, since they were holding up the shift of resources to sectors and industries that were internationally viable. He added that support for ailing industries had not only a high cost in terms of the curtailment of growth of international trade, but also an over-all cost to the economy providing such support, which tended to exceed by far the social cost of restructuring the inefficient sectors involved.

454. He believed that action needed to be taken on two fronts: the dismantling of existing protectionist barriers and the promotion of structural adjustment. Attention should be directed to identifying those industries which were less efficient. He agreed with the need to establish a programme of work, as had been suggested by the representative of Chile.

455. The representative of Venezuela said that the discussion on protectionism and structural adjustment highlighted the difficulties that developing countries were facing due to structural disequilibriums in the world economy. Protectionism had unpredictable consequences for the economies of developing countries, hampering their prospects for development, and for the world economy as a whole. The increase in protectionism and the difficulties of the structural adjustment process reflected the contradictions of the present system of international economic relations. Those contradictions lay first in the fact that the supposedly institutionalized international trading system violated the very rules on which it was founded; secondly, in the discriminatory and bilateral character of the international trading system instead of its professed multilateralism; and finally in the lack of equity and efficiency of the system, which shifted the burden of adjustment onto developing countries and disregarded the special and non-reciprocal treatment those countries should receive. He therefore suggested a reform of the international trading system that would take account of the essential interests of all countries, but especially the particular needs of developing countries. Finally, observing that solutions to problems of protectionism and structural adjustment should be well-founded and multilaterally agreed, he made the following specific proposals for consideration in the search for such solutions:

(a) Identification of non-tariff measures that constitute barriers to trade, particularly the trade of developing countries;

(b) Comprehensive analysis of the incidence of barriers to trade in specific sectors such as agriculture, manufactures, commodities and services;

(c) Analysis of the link between commercial matters and other matters that also affected the international economy, such as the critical financial situation faced by most developing countries, and monetary instability.

456. The representative of Jamaica drew a distinction between short-run and long-run stagflation, pointing out that short-run policies could exacerbate long-run problems. There was a need to examine the subject within the context of restructuring of the international economic system and the rearrangement of the

interrelationships of the sectors of trade, money, finance and development. The Board had to seek to abstract the more important and significant aspects of the situation for early action, rather than spend too much time going over well-covered ground. He agreed with the position taken by the spokesman for Group B that it was necessary to see quickly what lessons could be drawn from studies and from experience. To do this required a factual, comprehensive and analytical synthesis document which would combine (a) the identification and definition of the key quantitative and qualitative variables and (b) consensus with regard to both the lessons to be drawn and the action to be taken as appropriate. The broad overview of UNCTAD would be the major new element in the synthesis document. Governments would be better placed to reflect and commit themselves to undertakings. The dialogue would become concrete, practical and meaningful on the basis of such a document.

457. He said that the impact of trade on structural change varied among countries at different stages of economic development, as well as with the proportion of trade in the formation of GDP. The importance of factors other than trade could not be ignored in any consideration of structural adjustment. He pointed to the need to examine barriers to trade in services, and suggested that capital in its various forms was crucial in any examination of protectionism and structural adjustment. Much more work needed to be done on how the terms of trade acted as a most effective protectionist device. The trade strategies pursued would also have to be examined, as was pointed out in document TD/B/888. In the light of the experience of his own country, he drew attention to the importance of special and differential treatment for small and open-trading countries which depended heavily on exports for their livelihood. In general, there was a need to take effective action against unacceptable protective measures that could be dealt with by existing rules and, where necessary, by elaborating new rules or accepting increased discipline; it was also necessary to adopt appropriate countermeasures, namely structural adjustment. The UNCTAD secretariat had a great responsibility and an important contribution to make in this area. Appropriate documentation, especially the synthesis document, was needed so that Governments could draw the lessons and act accordingly. Finally, he thought that a course of action, including a programme of work, should be prepared.

458. The representative of Singapore said that his country had experienced the effects of increased protectionism in recent years as a result of the world recession. Quantitative restrictions had been increasingly used and anti-dumping investigations had been readily instituted even when they were based on flimsy evidence supplied by domestic producers. The increase in the incidence of protectionism and its assumption of subtle forms was an issue of importance to all countries. When most of the developing countries had gained their independence in the 1950s and 1960s, they had been advised by the industrialized countries that their economic development should be based on trade and not on aid. Now, three decades later, the developing countries had achieved a certain level of export potential, albeit often in low value-added products, only to find access to the important markets of the industrialized countries increasingly blocked. He noted with great concern the growing tide of opinion in the last three years in the industrialized countries that it was now economically more acceptable to give aid than to open up domestic markets to developing countries.

459. He said that Singapore maintained an open trading system. Duty-free access was granted to all imports, except for a small number of items such as tobacco and alcohol. However, Singapore suffered from a persistent trade deficit and its trade

with the industrialized countries had also been persistently in deficit. In the last 20 years, the economy had undergone three structural changes. His Government believed that structural adjustment could not be left to market forces alone, since the process would take too long. It therefore adopted deliberate policy measures to speed up restructuring and to ensure that the process percolated through all sectors of the economy. The experience of his country had shown that structural adjustments took time and might be difficult in the short run. However, Singapore believed that the key to its long-term economic well-being and that of the international economy was free trade and structural adjustment.

460. The representative of Argentina, stressing the open character of the economy of his country, said small countries such as Argentina, with small internal markets and limited international financial resources, relied heavily on their external sector. It was for that reason that his country had made great efforts to diversify its export products and markets. However, Argentina encountered severe restrictions on its exports in the form of tariffs and non-tariff barriers, especially on agricultural products. The high tariffs and tariff escalation, as well as quantitative, seasonal or health and sanitary restrictions, had a direct effect on the process of diversification. He further stressed the constant deterioration of competitive conditions due to the abuse by some countries of export subsidization of their agricultural surpluses, which had themselves been generated through increasing protectionism, with the aim of finding new markets for their products. He therefore supported the suggestion by the representative of Chile that the protectionism and structural adjustment studies on the agricultural sector should be amplified. Finally, he emphasized the need for the developed countries to carry out industrial restructuring so that the developing countries could find markets for those manufactured products in which, for specific reasons, they enjoyed comparative advantage.

461. The spokesman for the European Economic Community agreed with the spokesman for the Group of 77 that the issues at hand had to be discussed in a non-confrontational spirit with the fullest possible recognition of all the interests involved. He noted a number of encouraging trends so far as the developing countries were concerned. They had, on the whole, made visible progress in terms of the benchmarks for development which the UNCTAD secretariat had proposed, that is, a decline in agriculture and an increase in industry measured in terms of both GNP and employment. Secondly, the manufactured exports of the developing countries had grown faster than those of the developed countries. In addition, as table 11 of document TD/B/887 showed, the developing countries as a group had achieved considerable diversification in their manufacturing exports. In all but the energy sector, they had increased their share of world manufacturing value added. The terms of trade for the developing countries as a group had improved in the 1970s by 60 per cent, although this figure masked the discrepancy between the oil-exporting developing countries and the others.

462. He was of the view that, as shown in a recent GATT study, the factors influencing structural adjustment were more numerous, complex and interrelated than were apparent from a reading of document TD/B/888. The impact of technological innovation and investment and changes in the conditions of supply and demand had also played, and would continue to play, an essential role in this process. Furthermore, all countries, whether developed or developing, State-trading or market-economy, had to be ready to adjust to change. So far as the European Economic Community and its member States were concerned, the extent of changes that had taken place already should not be underestimated: a big employment shift out of industry and, even more, agriculture had taken place, and a number of steps were being taken, in agriculture as well as in industry, to encourage the natural

adjustment processes of a liberal economy. It was true that the policies applied to the very serious social, regional and economic problems had not led to adjustment on the scale required, but there were limits to what could be achieved in the short run in sophisticated, highly interdependent and democratic societies.

463. He agreed with the spokesman for the Group of 77 that it was necessary to avoid at all costs a dangerous slide towards bilateralism and protection in trade. He did not think, however, that the studies before the Board showed that protectionism was the major factor impeding structural adjustment and trade growth. The Community's tariffs were among the lowest in the world. They compared favourably with those of other major trading countries and with the systems of the State-trading countries, where imports were determined under foreign-trade plans. He asked whether high and usually unbound developing countries tariffs could always be justified. As to non-tariff measures, a distinction had to be drawn between non-tariff measures that were legitimate trading practices and those which were expressly protectionist. In the Community's view, countervailing duties, anti-dumping measures and tariff quotas were not by definition protectionist, and levies were not "akin to tariffs". As for transnational corporations, they had had a beneficial effect in promoting exports from the developing countries: could the same be said for State trading? A look at trade flows showed that, despite all the difficulties, the Community and other developed market-economy countries had maintained a substantial openness in their markets: during the 1970s their imports of manufactures from the developing countries had grown as a percentage of total imports, while those of the State-trading countries had declined. As to agriculture, the Community's Common Agricultural Policy had been designed to fulfil legitimate internal objectives in a way that was non-discriminatory in terms of trade: it contributed to market stability as well as to food security. The Community's aim of providing for a degree of self-sufficiency could quite properly be compared to the policies of other developed and developing countries and was certainly more transparent than some. Moreover, the Common Agricultural Policy had not reduced the imports of the Community, which remained the largest import market, importing twice as much from the developing countries as it exported to them and importing more than did Japan and the United States of America put together.

464. In conclusion, he stressed the importance of a global approach to international trade which applied to all countries, developed and developing, market-economy and State-trading, and the need to examine the principles, policies and practices that governed world trade, including their principal effects on this trade, with particular reference to developing countries. There was a need to consider where and how a greater degree of transparency could be promoted and for increased understanding of the many and complex factors involved in structural adjustment, including the role played by international trade. Finally, consideration should be given to the question of how long and in what circumstances non-discriminatory preferential treatment could be considered to be not only allowable but in the best interests of all those concerned. The essential problem was not that of "deciding what countries will produce which goods" in the 1980s, but rather to learn to understand better and to accommodate the vital interests of all partners in international trade.

465. The representative of Switzerland noted that a number of interesting statements had been made on behalf of the UNCTAD secretariat which had made one think about the foundations of the international trading system. His country shared the secretariat's concern at the growing number of restrictions that were imposed outside the appropriate rules. Also of concern was the greater degree of

bilateralism, reviving the relationships based on strength which multilateral rules sought to remove. Switzerland could therefore only share the opinion that it was necessary to define more precisely what constituted a "serious market disruption" and to determine the protectionist measures recognized on all sides in order to avoid an over-all deterioration in trade relations. Referring to the secretariat documents, he regretted that the analysis of protectionism and structural adjustment in developing countries was not as detailed as that for the developed market-economy countries.

466. In the matter of structural adjustments, he believed that they should be carried out in the light of comparative advantages. That was the foundation of the trade system. The secretariat document reaffirmed and emphasized the validity of that principle, which presupposed the functioning of the price mechanism on the basis of the free play of supply and demand - a mechanism that should allow for an optimal allocation of resources. Accordingly, the need for structural adjustment could hardly be disputed, at any rate by any country that considered the maintenance of an open and multilateral trading system to be the cornerstone of its foreign economic policy. Moreover, his delegation believed that all countries, including the developing countries, shared the responsibility for facilitating the structural adjustment of their trading partners. With reference to protectionism, he said that the secretariat had pointed out the close links that could exist between protectionism and restructuring. It was indeed the very struggle to combat protectionism which facilitated structural adjustment in the most efficient way, and structural adjustment was, in turn, the best preventive means for avoiding recourse to restrictive measures.

467. He questioned the secretariat's assertion that import duties in developed countries were two to three times higher for products imported from developing countries than for products from other countries. He pointed out that many of the exports of developing countries enjoyed preferential treatment in the markets of developed countries, and recalled that customs tariffs in developing countries were still, on average, very high.

468. With reference to the four points mentioned by the Chairman of the Sessional Committee, he made the following remarks: first, concerning agricultural protection, he considered it necessary to treat the agricultural sector differently from other sectors; secondly, he reiterated the need for a definition of market disturbances; thirdly, there was a need for an in-depth examination of non-tariff measures, in particular the definition used by the secretariat, which in his view was too broad. Finally, he said that the proposal which had been made concerning the possibility for adopting national and international measures to improve the transparency of trade regulation should be subject to respect for existing commitments.

469. The representative of Yugoslavia stated that the lack of structural adjustment in the existing international economic order had had grave consequences for the economies of developing countries. A disproportionately large part of the burden of adjustment had been placed on those countries. While in some developed countries there had been a growing awareness that the present difficult economic situation could not be remedied without the structural adjustment of their own economies, insufficient measures had so far been undertaken to that end. Despite attempts to contribute to the liberalization of the international trading system, protectionist trends still existed and particularly affected products of export interest to developing countries. The recent trends towards bilateralism had worked to the detriment of developing countries and was a deviation from the multilateralism that had been the goal of post-war international trade policy.

470. He said that there was a need to reach an agreement on new rules and principles or conduct in the area of restrictive business practices and "managed" trade. It was of particular importance that such rules should respect the principles of comparative advantage and equity among countries, depending on their developmental and trade possibilities. Protectionist policies in the contemporary world did not stem from the cyclical trends in national economies but rather from a lack of structural adjustment. The postponement of structural adjustment only served to further aggravate the problem. The effects of protectionism were not felt with equal intensity by all countries, because their economic structures and potentials differed and also because multilateral actions to liberalize international trade had so far been directed principally to the trade interests of the developed countries.

471. The representative of Cuba said that, in spite of the efforts made to eliminate protectionist practices, international trade was today more restrictive and arbitrary than in previous years. Tariff barriers had been gradually replaced by non-tariff measures, such as sanitary regulations or safeguard procedures, which showed the discriminatory character of present international trade. She added that her country's efforts towards development and economic diversification were being hampered by the protectionist measures and the economic blockade applied by what was its nearest and most important export market.

472. She proposed the launching of a programme of action prepared by an intergovernmental group of experts, with participation open to all States and with the support of the secretariat, which would elaborate and amplify the work being done in the agricultural and manufacturing sectors.

473. The representative of Ecuador pointed to the existence of tariff and non-tariff barriers in agricultural and other commodity sectors, and the high level of tariff escalation related to the processing of those products. She also stressed the disproportionately restrictive effect on developing countries' trade of the application of a wide range of non-tariff measures in the commodity sector, which included quotas, subsidies, health and sanitary regulations, and internal taxes. Some of those measures were applied to products of particular interest to her country, such as bananas, cocoa, coffee and their derivatives. The problems were similar for manufactured goods, where protection was an especially heavy burden for those developing countries having comparative advantage in selected sectors. She felt that there was a need for a better understanding of the market disruption criteria on the basis of which such protection was invoked.

474. She agreed with the definition on non-tariff measures contained in the secretariat documentation and suggested it could serve as a guide for the preparation of the inventory on non-tariff measures.

475. She further highlighted the lack of transparency and the discrimination that affected the developing countries in the application of protectionist measures. Referring to the changes in the international trading system mentioned in the documentation prepared by the secretariat, she expressed her concern at the abandonment of unconditional most-favoured-nation treatment and of the principle of non-discrimination, which had led to a growing tendency to seek bilateral solutions affecting unfavourably the functioning of the world economy.

476. She stated that protectionism acted as a brake on the industrialization of the developing countries, impeded the diversification of their economies and

exports, and was an obstacle to a better international division of labour. She emphasized that, instead of imposing protectionist measures, the developed countries should adopt assistance measures for structural readjustment that would allow certain industries to be transferred to other, more competitive sectors.

477. Finally, she suggested the creation of a normative system to combat protectionist measures and to facilitate international structural adjustments, taking into account, in particular, the interests of the developing countries. To that end, she believed that it was necessary for the secretariat to pursue its analytical work and to present to the Board, at its twenty-sixth session, new documents and proposals based on multilateral and normative principles.

478. The representative of the United States of America said that, while not agreeing with everything in the documentation by the secretariat or in the introductory statement made by the representative of the Secretary-General of UNCTAD, he felt that they had sought to describe the state of the world economy in a fairly objective fashion. In focusing on the question of protectionism and structural adjustment, one should not lose sight of the fact that considerable structural adjustment had taken place over the previous two decades, as was evidence, for example, by the doubling of the ratio of trade to GNP in the industrialized countries. During the same period, a number of developing countries had undergone dramatic changes in the structure of their economies, which had been facilitated by an open trading system and the willingness of most countries to allow the necessary structural adjustments to accommodate these changes.

479. While the non-tariff measures inventory under preparation by the UNCTAD secretariat might be of some use, he believed it was based on some faulty assumptions involving a failure to differentiate between non-tariff measures expressly designed to restrict trade and measures of an entirely different nature, such as health, safety, countervailing and anti-dumping duties.

480. With regard to the process of structural adjustment, he agreed with those representatives who had noted that it was a complex one and that trade flows were sometimes only a minor factor in the adjustment process. In open market economies, adjustment was a continuous process reflecting the outcome of millions of individual decisions by workers, managers, owners and investors. While Government policies had an important effect upon the over-all economic climate, in economies with such diffused economic decision-making the Government was not the principal agent of change.

481. He noted that the developing countries had nearly doubled their share of United States imports of manufactures over the past decade. While statistics would be unable to prove that the United States had adjusted to the optimum extent, they did indicate that the structure of production, employment and trade had undergone substantial changes consistent with intuitive notions of the changing international pattern in comparative advantage.

482. He stated that an important factor in the realignment of international production had been the continuing trade liberalization conducted under GATT auspices. As pointed out in the secretariat study, both nominal and effective rates of tariff protection remained at a very high level in a number of developing countries, including product lines in which there was little likelihood of eventual competitiveness. If the United States and other countries were to facilitate adjustment out of non-competitive lines of production, those developing countries

which had instituted extensive protective systems while pursuing import substitution policies could no longer afford the inefficient luxury of such protection.

483. He pointed out that the concept of comparative advantage was a shifting one and, moreover, that it was an over-simplification to think of entire industries as being non-competitive or competitive. Rather, comparative advantage revealed itself at an intra-industry level, with some lines of production being competitive while others were not.

484. He added that, as others had noted, economic developments over the past several years had accelerated pressures for structural adjustment. The most important factor had clearly been the ten-fold increase in the price of petroleum over the past seven years, which was responsible for much of the accumulated foreign debt which had been mentioned by the spokesman for the Group of 77. At a time when the interdependence of economies and the need for structural adaptation had increased, the process of adjustment had been made more difficult by the slow-down in over-all economic growth.

485. The representative of Finland welcomed the discussion in UNCTAD on the issues of protectionism and structural adjustment and said that it was no mere coincidence that these issues were being simultaneously discussed in other international forums, such as GATT and OECD. His Government had studied with keen interest the documents prepared by the UNCTAD secretariat, which made a useful contribution to the intergovernmental discussion of protectionism and structural adjustment. It fully supported the main thrust of the documents, namely, the promotion of a well-functioning and transparent multilateral trading system.

486. In his view, a distinction should be made between protectionism and protection. There were generally accepted reasons for the latter: for example national security and measures to protect human and animal life and health, which were generally applied equally to domestic and imported products. He felt that this distinction had not always been recognized in the preparation of the non-tariff measures inventory.

487. While fully sharing the concern at the growing protectionist pressures, it was his view that the protectionist trend in international trade had probably not been quite as straightforward as the secretariat documentation seemed to suggest. On the one hand, there had been a number of changes in the direction of further liberalization of trade while, on the other, there had been a greater tendency to resort to subsidies and to measures outside the multilateral trading system. The emergence of non-tariff barriers as significant obstacles to trade mainly reflected the decline in tariff protection and quantitative restrictions. While their relative significance had obviously increased, it was difficult to quantify their effect in absolute terms.

488. He stated that, while providing in general a valid analysis, chapter II, section B, of document TD/B/888, dealing with contemporary protectionism, would appear to contain a number of unwarranted generalizations. In particular, the problems prevailing in textiles had received much attention, but the restrictive régime in textiles was - and ought to remain - an exception.

489. He noted that, in the same document, the secretariat seemed to accord a clear preference on economic grounds to subsidies for adjustment assistance as opposed to import restrictions. The document did not, however, adequately emphasize the practical difficulties that could arise in pursuing such adjustment policies. In a

number of cases, aid received by industries as temporary relief had turned into permanent support, thus working as an impediment to adjustment, and not as a catalyst.

490. He found it was understandable that the secretariat studies concentrated largely on the developed market-economy countries, since these countries accounted for the bulk of world trade. It would also be useful, however, to have a more thorough analysis of trade policies applied by other countries regarding both tariff and non-tariff measures, and of the adjustment effects of the trade policies of the developing countries in the light of the development goals.

491. With regard to some of the points raised by the Chairman of the Sessional Committee and by the representative of the Secretary-General of UNCTAD, he stated that it was quite evident that there was often a valid basis for differentiating between the treatment of agricultural and industrial products. Such differentiation was logical for reasons of national security related to food supply and because considerations related to regional and social policy were often more pronounced in the field of agricultural products. Nevertheless, the experience of his country indicated that a very liberal treatment of most tropical products was quite possible without hurting agricultural policy objectives.

492. Finally, he said that future work on non-tariff measures and non-tariff barriers to trade should be based on the distinction between measures applied in accordance with the principle of national treatment and those applied to imports on a discriminatory basis. Measures which were applied on an equal basis to domestic production and to imported goods could not properly be classified as barriers to trade.

493. The representative of Romania expressed full support for the statement made by the spokesman for the Group of 77. While there had been a long-run tendency to trade liberalization, today, in times of world economic crisis, protectionism had reached alarming proportions. Unlike the protectionism of the 1930s, the present protectionism had a number of new characteristics and might be described as "neo-protectionism". Protectionism today was discriminatory and selective, affecting principally the developing countries. As a result, those countries were receiving less favourable rather than more favourable treatment. Furthermore, traditional forms of protectionism were being supplemented by newer and more subtle non-tariff barriers, such as voluntary export restraints and orderly marketing arrangements. The protectionist measures were frequently negotiated bilaterally outside the appropriate multilateral rules. He felt that such protectionism had negative effects in areas of special importance to the exports of developing countries. For many products, including those of interest to his own country (such as agricultural products, textiles and steel), these effects were particularly harmful. In the long run, the countries most severely affected by the imposition of protectionist measures were the importing countries themselves. The measures affected the export of those countries and the competitiveness of protected sectors and aggravated inflation.

494. He said that previous UNCTAD resolutions indicated the positive commitment of Governments in the area of protectionism and structural adjustment, but the results were not satisfactory. There was therefore a need to adopt stricter procedures to implement those resolutions. In the short run, there must be no new restrictive measures imposed on imports from developing countries and the existing protectionist barriers should be eliminated. In the long run, it was important

that appropriate structural changes be made in the developed market-economy countries to permit a more satisfactory international division of labour and to promote the industrialization of developing countries.

495. In conclusion, he said that it was important for the secretariat to accelerate the work on the non-tariff measures inventory and to carry out sectoral studies for agricultural products, manufactured goods, and services. In addition, there was a need to outline a concrete programme to combat protectionism and to stimulate structural change in the world economy.

496. The representative of the Syrian Arab Republic, referring to the increasing interdependence in the world resulting from technological advances in communications, said that the benefit accruing from this interdependence had to be distributed evenly among all countries. He underlined the significance of the adverse impact which protectionism in developed market-economy countries had on the development efforts of developing countries. While he understood the motives for protectionism in developed countries, he expressed a desire to see more positive measures. He called for preferential treatment for developing country exports and for international co-operation to stimulate growth and to enhance the development process. There was a need for practical negotiations as opposed to academic discussions. He suggested that the secretariat carry out studies on the role of the international monetary system and transnational corporations in protectionism and structural adjustment.

497. The representative of the USSR said that the issue under consideration was one of the most essential problems in international economic relations and was becoming one of the central points in the activities of UNCTAD. Although the three documents prepared by the secretariat had some shortcomings, they were very useful and gave a fairly accurate picture of the protectionist process and its connexion with the world economic situation. The observed expansion of the protectionist measures was closely tied with the policies of certain developed market-economy countries and their groupings. Such measures severely hampered normal trade and economic relations among all countries, and introduced uncertainty into the perspectives for long-term stable relations and the development of the world economy as a whole. The multilateral trade negotiations had not improved the situation. For that reason, the systematic consideration, on a universal basis, of the question of the implementation of the MTN agreements and their influence on all the international trade flows was of major interest as well.

498. He pointed out that new protectionist measures had a selective, discriminatory character. The socialist countries had been the first to suffer from the protectionist measures. This had been proved, *inter alia*, by the statistical data given in document TD/B/887 and Corr.1. So far as the foreign trade of the USSR was concerned, these measures placed obstacles in the way of the Soviet export of machinery and equipment, chemical products and other manufactured goods. Moreover, even for a series of raw materials imported from the USSR, EEC imposed duties higher than for imports from other countries. He stressed that quantitative restrictions were one of the most frequently applied forms of trade discrimination. Among other measures, one could note the discriminatory character of the licensing system for imports from the socialist countries and extensive application of anti-dumping procedures. Furthermore, discriminatory policy was practised by the United States administration, such as embargo on delivery of a series of goods to the USSR, tariff discrimination, boycott of Soviet cargoes, and so on. He recalled that these problems had been discussed for a long time in

UNCTAD under the item "Trade relations among countries having different economic and social systems and all trade flows resulting therefrom".

499. He stressed that there was a close connexion between a rise in military spending and the present state of the world economy and international trade. The increase in military spending was giving rise to economic disruptions and growing inflation and would eventually lead to mass unemployment, which in turn would pave the way for the application of protectionist measures to limit imports.

500. He took issue with certain paragraphs of document TD/B/888 in which there were groundless attempts to link the forms and methods of the socialist countries' foreign trade with the problems of protectionism. He explained that those methods did not pursue the goal of limiting imports but were the means of a co-ordinated foreign economic policy of a socialist State which ensured the balance between revenues and spending and rational distribution of foreign trade revenue in accordance with the needs and possibilities of the Soviet economy.

501. He proposed the following elements for the further UNCTAD activities in the area of control and elimination of protectionist measures:

(a) The struggle against the expansion of protectionist measures should be waged in all the interlinked international trade flows, that is, taking into account the interests of all the countries adversely affected by them;

(b) Emphasis should be laid on resistance to new, widely-used protectionist measures of a discriminatory character which were not regulated by the existing international legal rules;

(c) There was a need for a concretization of high-priority tasks in the anti-protectionist activities in the framework of UNCTAD in order to accomplish the work more purposefully;

(d) The main attention in UNCTAD activities should be given to the practical implementation of the principle of status quo, to its official confirmation and strict implementation;

(e) One of the key points in the UNCTAD activities on the problem of protectionism was the compiling of the inventory of non-tariff barriers. As work on this had begun in the early 1970s, there was a good basis for its continuation. Such an inventory should include all new protectionist measures, especially of a discriminatory nature, take into account the interests of all States participating in world trade and be based on their official publications.

502. Referring to the problem of structural adjustment, he stated that, though the USSR had supported in principle Conference resolution 131 (V) calling for the transfer of less competitive industries to the developing countries, his country considered it more efficient to assist the developing countries in creating national industries, especially advanced ones, and in training national staff, thus forming on this basis a new division of labour. An important role in this process should be given to the State and to economic planning methods; otherwise all the structural changes in the developing countries were in danger of falling under control of transnational corporations, whose negative role in the whole area of protectionism and structural adjustment should be kept under close control. He

stressed that there was a close connexion between the process of structural adjustment of the world economy and the anti-protectionist struggle in international trade.

503. In conclusion, he said that all the agreed international actions on structural adjustment could be realized only in an atmosphere of détente, confidence in international relations, strengthening peace and curbing the arms race. Any change in the structure of international peace and curbing the arms race. Any change in the structure of international economic relations should be based on a universal approach, taking into account, inter alia, the interests of socialist countries. All the possible recommendations in this sphere should take into account the specific features of the socialist countries' economic system.

504. The representative of New Zealand stated that he had been encouraged by the fact that Group B countries as a whole had been able to rally to the many points of descriptive validity raised in the documentation provided by the secretariat. While it was possible to identify some shortcomings in the documents, they were essentially points of emphasis and detail. He agreed with the essence of the analysis, namely, that the current upsurge in protectionist tendencies threatened the ongoing structural adjustment, in the light of comparative advantage, on which the continued economic growth and development of all countries depended.

505. For New Zealand, the impact of the "new protectionism" was long-standing, particularly in the agricultural sector, which accounted for the largest part of New Zealand's trade. New Zealand's experience had been that protectionism in this sector was characterized by the use of flexible and specific protective measures rather than general and fixed ones. For example, while tariffs were at nominally low levels in several major markets, non-tariff measures affecting temperate agricultural products, such as variable levies, afforded effective protection in these markets equivalent, in ad valorem terms, to several hundred per cent, according to documentation cited in the debate. The cumulative effects of these policies were to enshrine existing rigidities and to induce instability in international markets. Besides a need to adjust to emerging areas of comparative advantage, therefore, there was a need to adjust to existing areas of comparative advantage.

506. He believed that the analysis of the underlying reasons for increased protectionism, particularly the political economy of the conservative social welfare function, was equally applicable to all trade sectors, including agriculture. Against this background, the arguments advanced by some representatives concerning the security of domestic and international food supply could be seen to have only rather limited validity. In any event, any domestic food self-sufficiency programme that was itself based on increased imports of some of the factors of production (such as feed grain) could only be illusory.

507. In response to the request by the Chairman of the Sessional Committee for specific suggestions, he emphasized the value of the Sessional Committee as a forum for a detailed and ongoing exchange of views on key policy issues relating to protectionism and structural adjustment, including the need for domestic policy intervention to be geared as closely as possible to the distortion that hampered adjustment; the way in which protectionism could be expected, at least in the longer term, to inhibit attainment of adjustment goals at minimal social or international cost; the question of market disturbance and its principal causes; and further work towards a definition of non-tariff measures.

508. The representative of Sweden observed that, as a small country, Sweden was highly dependent on foreign trade and had derived large benefits from the multilateral trading system created after the Second World War. He considered the secretariat report (TD/B/888) to be a good starting point for discussion of protectionism and structural adjustment, although he did not subscribe to all the contentions made in it. One of the advantages of the report was the clear distinction it made between structural change and structural adjustment. It was easy to agree with several of the conclusions drawn in the report, particularly the need to strive both for a greater degree of transparency and for full adherence to the rules and procedures which governed international trade. In this respect, he considered it to be of crucial importance for the credibility of the multilateral trading system that negotiations on a safeguard agreement be finalized.

509. While recognizing that it was essential to adapt to changing international competitive conditions, he said that there could be circumstances which necessitated Government measures to ensure that structural transformation took place in a socially acceptable manner and that essential national interests were not jeopardized. One example of this in his country had been the textiles and clothing sector, and he felt that the conclusions drawn in the secretariat report, which projected the experience of this sector to other sectors, were too far-reaching.

510. Another example of structural adjustment in his country had been the shipbuilding industry. As a result of the dramatic decline in shipping orders after the 1973-1974 oil crisis, and of growing international competition, Sweden's shipbuilding capacity had been reduced by 30 per cent by 1978. Capacity was to be further reduced until 1984, by which time the number of employees would be only one quarter of the number in that sector in 1974.

511. He observed that the secretariat report could be characterized as a vigorous plea for the theory of comparative advantage. While adhering to that theory, he found the reasoning in the report to be at times too theoretical. There was a tendency to regard all Government intervention as undesirable as such, although it was an undeniable fact that the market alone could not provide for all the needs of society. In his view, there was a strong case for Governments to pursue positive adjustment policies and to promote technological development which might facilitate an adaptation to new competitive conditions. Sweden was, however, deeply concerned about current tendencies towards protectionist interventions in industrialized as well as in developing countries. That was especially alarming, since such interventions were often made outside the framework of multilateral discipline or by countries that had failed to adhere to the relevant multilateral agreements. Every effort needed to be made to reinforce the existing multilateral trade system and to examine the possibility of adapting it to the changing patterns and structures of trade. A greater degree of participation by developing countries in the system was crucial to its survival.

512. Finally, he noted that, in the secretariat report, the developed market-economy countries were thoroughly scrutinized, whereas other groups of countries were treated only very summarily. He welcomed the secretariat's intention to cover other groups of countries in a similarly thorough way in future studies. He added that he had very serious doubts about the methods used in preparing the inventory of non-tariff measures, particularly with regard to the classification of measures according to their potential degree of severity.

513. The spokesman for Group D, recalling that the spokesman for EEC had made reference to what he had called "State-trading countries", said that this represented a vain effort to implicate Group D countries in the problems caused by protectionist measures. Many serious problems had been raised in the discussions on this subject and no one of sound judgement could claim that Group D countries were responsible for those problems. He therefore considered that the references by the spokesman for EEC were a clear attempt to pass on the responsibility and to divert attention from the central issue.

514. The representative of Hungary said that, although the question of protectionism and structural adjustment was fascinating from an academic point of view, his country's concern was with its practical trade interests. He pointed out, however, that the documents contained some mistakes and misinterpretations so far as his country's trading régime was concerned. Referring, to the view expressed by the spokesman for EEC that the impact of tariffs in the socialist countries of Eastern Europe was difficult to assess because most imports were determined under foreign trade plans, he said that that allegation was simply not true so far as Hungary was concerned. The trade régime of his country had already been described in another international forum, to the satisfaction of the parties concerned. What worried his country most was that the trading system of the last few decades, which had been more or less transparent and which had been based mainly on most-favoured-nation treatment and non-discrimination, had been eroded to such a degree that exceptions now seemed to have become the rule. It was clear that the changes in the international trading system were damaging the interests of the developing countries and those of all the other trading partners that represented weaker bargaining power. The big trading powers had a greater possibility to influence the international trading environment, a fact which demonstrated their serious responsibility for the state of the world trade system. Owing to protectionist measures, Hungary was in a uniquely unfavourable position so far as access to markets was concerned. As was shown in paragraph 24 of document TD/B/888, higher tariff rates were applied to the exports of the socialist countries than to those of other countries. Moreover, almost all of the main Hungarian exports, in particular the agricultural, textile and steel exports, were seriously affected by restrictive measures. Some countries unlawfully and without the slightest economic justification, still maintained discriminatory quantitative restrictions on many Hungarian export items and on those of other socialist countries as well. The degree of agricultural protectionism was especially alarming, given that the share of agricultural products in Hungarian exports to the developed market-economy countries was close to 50 per cent. According to an earlier document prepared by the UNCTAD secretariat (TD/B/C.1/207), in almost all European developed market-economy countries - that is, in the major traditional export markets of his country - the level of agricultural protectionism had increased significantly in the last two decades. That document showed that the estimated ad valorem equivalents of the variable levies in EEC generally amounted to a three-digit number. His country did not seek the elimination of anybody's agricultural trading system, but sought rather to see it functioning in a manner that took account of the legitimate interests of third countries, both in terms of ensuring predictable and stable access conditions and in terms of defending export interests in third countries' markets. Therefore, his country supported the proposal made by the representative of Australia for the establishment of an intergovernmental group of experts to examine the extent of protectionism in the agricultural sector and the need for positive adjustment policies in this field. He detected a growing consensus on the need to deal with the agricultural sector in a more detailed way.

515. Referring to structural adjustments, he underlined, from the point of view of a small country, the strong interrelationship between the trading environment and changes in the economic structure. It was difficult to make any necessary structural adjustment if the trade consequences of the decision to do so were uncertain because of the unreliable trading environment - an unreliability which included the introduction of clearly politically motivated trade measures.

516. The representative of Colombia said that, during the 1970s, her country had diversified its external sector and particularly its industrial sector (textiles, machinery, leather and leather products). However, the considerable effort made by her Government had been rendered meaningless by the number of restrictive measures of a tariff and non-tariff character, which had led the authorities to turn increasingly to the agricultural sector, where the competitive advantages were obvious. Thus, the production of such items as flowers, bananas, sugar and tropical fruit had begun to be developed and an appropriate framework for exporting had been established aimed at international markets. Nevertheless, this aim was counteracted by the increasing number of restrictive measures of a tariff and non-tariff character imposed on her country's exports and comprising seasonal and quantitative restrictions, discretionary licensing, and so on, which impeded the proper structural change to which her country gave great importance. Finally, noting that Conference resolution 131 (V) and Board resolution 226 (XXII) gave to the secretariat a broad mandate for the elaboration of a work programme on the basis of which objectives could be attained by progressive stages, she emphasized the importance her country attached to the agricultural and services sectors.

517. The representative of Canada stated that the secretariat documentation continued the helpful trend towards more unbiased analysis which had been started in the first Trade and Development Report. 33/ He also welcomed the substantive input from individual delegations. He noted that the discussions on this subject in the Board were complementary to the discussions on structural adjustment and protectionism which were going on in many other forums, including UNIDO, FAO, ILO, GATT, the Commonwealth secretariat and OECD. The UNCTAD and GATT documentation had a large degree of complementarity in their analyses of the structural changes which had occurred over the past 20 years and the major problems being faced today. Underlying the major themes in the report by the UNCTAD secretariat (TD/B/888) he perceived the suggestion that what was really needed was to start talking about new, revised principles and policies for an improved, comprehensive and universal trading system. The nature of the issues raised by the representative of the Secretary-General of UNCTAD were so fundamental that institutional aspects could hardly be ignored. He had considerable difficulty in accepting one of the themes of the report, namely, that the so-called new protectionism was directed mainly against developing countries. Protectionism certainly had a direct impact on developing countries but, except with respect to certain sectors (such as textiles), the major protectionist pressures and their targets had been, at least in the first instance, vis-à-vis other industrialized countries. The secretariat had not provided an analysis of the protectionist pressures among developed countries nor of the adjustment which had already occurred in those countries.

518. He recalled that the Ottawa Summit in July 1981 had reaffirmed the commitment to liberal trade policies and to the effective operation of an open multilateral trading system, as embodied in GATT, and had recognized that strengthening the system in the interests of all trading countries would involve structural adjustments to changes in the world economy. He said that there were many factors, in addition to protectionism, which affected structural change, including inflation, unemployment and technological change, which were beyond the control of Governments or for which Governments had yet to find the right answers.

519. He felt that treating the issues of protectionism and structural adjustment on the same regional grouping basis as was normally used in UNCTAD was a major weakness of the secretariat documents, since it served to diminish or neglect the importance of domestic policy measures and the different approaches to them within the various regional groupings. For example, Western Governments were adopting different approaches to inflation and unemployment. Also, the protectionist problems which were facing the newly industrializing countries and their own domestic trade policies were far different from those facing other developing countries. Domestic policy played a major role in allowing countries to benefit from trade opportunities and domestic policy instruments were much wider than those analysed in the documentation.

520. He noted that there was a strong interrelationship between the international and domestic aspects of structural adjustment policies. Many, if not most, of the major trade issues of the 1980s had their roots in longer-term structural difficulties and maladjustments of specific industries. The present difficult situation, with slow growth, unacceptably high unemployment and continuing inflationary pressures, had contributed to increasing tensions between structural adjustment requirements and the capacity of economies and societies to respond positively to them. There would be different perceptions concerning the speed of structural adjustment that was politically feasible and socially desirable.

521. He said that it was clear that the international economic system provided opportunities for growth to developing countries that had acquired a solid economic base and applied outward-looking policies. Such countries were also better able to withstand external shocks through domestic adjustment policies. For low-income developing countries, however, the basic weakness of their productive capacity meant that they were not able to benefit much from trade opportunities or structural adjustment.

522. He added that the global adjustment process resulting from the oil price rise had led to major structural changes which were hardly mentioned in the documentation. The oil price rise had affected both developed and developing countries in at least two ways: through the increased costs of direct oil imports and the increased costs arising from the energy input into the manufacturing sector. It had also played a significant role in the slow-down of economic growth in the world economy; the recent fall in the demand for, and the price of, oil was one manifestation of this ongoing adjustment process. Viewed in this context, the suggestion in TD/B/888 that the deterioration in the terms of trade of non-oil-producing countries had been due as much to increases in the prices of manufactured goods as to oil did not bear too serious an analysis.

523. He was not convinced that the secretariat documentation had given due weight to the political dimension of the issues of protectionism and structural adjustment in developed market-economy countries. The documentation, as well as the statement by the representative of the Secretary-General of UNCTAD, raised the issue of the need for a new set of rules and procedures to govern international trade. He felt that the proper task was first to identify problems before seeking solutions. What was perhaps more relevant than a new set of rules was a reaffirmation of the existing rules, together with a more concerted effort to develop an agreed safeguard procedure. This was no doubt behind the decision for the GATT ministerial meeting to be held in the autumn of 1982. Moreover, he felt that any meaningful discussion of the issues raised by the representative of the Secretary-General of UNCTAD, particularly regarding an internationally agreed

definition of what constituted a non-tariff barrier, would best be carried out in GATT, an organization which some portrayed as non-universal but which, in fact, included most of the major trading world.

524. Referring to the UNCTAD secretariat's inventory of non-tariff measures, he said that, to ensure real transparency, it would have to be as comprehensive as possible and should also include information on developing countries and socialist countries of Eastern Europe. He looked forward to the report promised in TD/B/888 concerning the problems of barriers to developing-country exports in other developing countries.

525. He thought that the role of transnational corporations was dealt with in a somewhat contradictory manner in the documentation. Moreover, the treatment of restrictive business practices was not substantial enough, if the problem really was as serious as the secretariat alleged. With regard to the discussion on exchange-rate instability and its impact on trade and structural adjustment, he wondered whether this was not more of a perceived than a real barrier to trade. Recent reports published by OECD and IMF failed to find evidence of exchange-rate fluctuations adversely affecting international trade. Flexible exchange rates had promoted international adjustments, thereby maintaining the open trading system.

526. In his view, there was a lack of emphasis and analysis in TD/B/888 on the policies employed by socialist countries of Eastern Europe to protect their markets. He could not follow the logic of the contention that the very high levels of tariff protection in Eastern Europe had little impact on developing countries exports, whereas the high tariffs in developing countries and the lower tariff levels in developed market-economy countries were said to have such an impact. Protectionism was every bit as real when it occurred in a country with a controlled or planned economy and foreign trade system.

527. With regard to the specific items on which the Chairman of the Sesional Committee had requested comments, he stated, that: (a) agriculture should not be treated as a special case, for this would only serve to further the derogations from the principle of efficiency and equity; (b) the definition of market disruption was a key issue, which tied in with a series of issues currently on the GATT work programme, including that of an adequate safeguard mechanism; (c) a clear-cut definition of what constituted a non-tariff measure was desirable but perhaps too ambitious at the present time. The GATT work programme might provide some direction for future UNCTAD work in this area.

528. Finally, he expressed support for the type of synthesis document which had been suggested by the representative of Jamaica.

529. The representative of Poland emphasized the importance for the future of world trade that should be attached to finding ways to resist the rising tide of protectionism. His delegation considered UNCTAD to be the most competent universal organization for handling this matter. He further noted the need for the various competent organizations to contain protectionism and preserve the multilateral world trading system.

530. Despite expressed intentions to resist protectionism, protectionist measures were being more and more widely applied. Such measures were not applied in a uniform fashion and led to a greater degree of discrimination against certain countries or groups of countries, and thus to a further degree of instability and

inefficiency in the world trading system. Protectionist measures that were particularly severe and dangerous for world trade had been introduced by certain developed market-economy countries vis-à-vis certain other countries, especially the socialist countries, for purely political reasons. These measures included various embargoes, prohibitions and restrictions that affected both the imports and the exports of those countries, which amounted to a double discrimination imposed to punish those countries for their desire merely to develop in accordance with their own economic models. In his view, while the struggle against such negative aspects would be neither easy nor short, it must be pursued. He felt that the solid documentation prepared by the secretariat was a useful starting point, and in the future there would be new studies to consider, such as the inventory of non-tariff measures. During the present discussions there had been proposals for a concrete plan of action, and also for the creation of an intergovernmental group of experts. Serious consideration should be given to these proposals.

531. He noted that a considerable amount of attention had been paid to the need for transparency in the world trading system. While this was important, he felt that priority should be given to the elimination of trade barriers. If they could not be eliminated, then attention should be paid to greater transparency. As for the principle of strict reciprocity that was currently gaining ground, he emphasized that the principle was contrary to the most-favoured-nation principle and was therefore not acceptable to his delegation. Solutions should be arrived at with the participation of all interested parties, on the basis of the equality of rights, in order to guarantee the maintenance of a liberal and open trading system.

532. The representative of Norway said that the current review clearly responded to a genuine need for a thoroughgoing exchange of views in the global UNCTAD framework on central trade issues. Through this review, together with the general debate on the annual Trade and Development Report and the review of the multilateral trade negotiations, UNCTAD was in the process of reasserting its due role in trade matters. Although his delegation had found certain inaccuracies and sweeping conclusions in the documentation and might not agree with all the assertions of the representative of the Secretary-General of UNCTAD, it nevertheless felt that it was appropriate that UNCTAD should spearhead action in the trade field.

533. Trade was perhaps the single most important factor for growth and development, and countries that professed and practised open and free trade, non-discrimination and transparency had achieved better economic growth and social welfare than those which had tended, by various means, to resort to protectionist measures. He considered the intractable combination of stagnating trade and economic growth, inflationary pressures and high unemployment levels to be critical in the resurgence of protectionist tendencies. Although the multilateral trading system had generally held firm despite difficult circumstances, he was concerned at the tendency to resort to arrangements, be they bilateral or otherwise, outside the established rules and disciplines. Smaller countries - whether developed or developing - with open markets and limited bilateral bargaining power were particularly vulnerable to any erosion of the multilateral trading system. In particular, he drew attention to the salient fact that, in terms of trade performance, some five developing countries accounted for more than three fifths of the total growth of developing countries' trade or manufactures. The great majority of the developing countries thus lagged behind in the quest for reaping the economic and development benefits in increased trade. He believed that this situation should be given careful consideration in UNCTAD. In this respect, he also underlined the importance of continued work by UNCTAD on commodities.

Moreover, he pointed to the dire need of the developing countries of a transfer of resources that would generate production and exports, which in turn would generate imports from the trading community at large.

534. He stated that the increasingly open character of the Norwegian economy had been accompanied by a fundamental structural adjustment. The shipbuilding industry and the textile and garment industries were the most striking examples of reduced activity and employment, while other sectors developed during the 1970s had made a major contribution to employment and output. However, priority goals such as full employment and harmonious regional developments did impose certain constraints on the pace and modalities of structural adjustment. He considered continuous adaptation to a changing division of labour within a liberal trading system to be the most important factor in the restructuring process. An active policy with respect to industrial restructuring also played an important role in the case of Norway.

535. In conclusion, he made the following suggestions: (a) that caution should be exercised with respect to the sectoral approach, including the idea of intergovernmental groups devoted to sectoral problems; (b) that there should be further appraisal of the various sources of market disturbance; (c) that greater understanding of the complexities involved in non-tariff measures and non-tariff barriers should be fostered by pursuing these questions in a conceptual sense; (d) that there should be further discussion of the central concept of transparency; and (e) that the particular problems of the large majority of the least developed countries that lagged behind in the quest for trade benefits should be considered.

536. The representative of Czechoslovakia said that growing protectionism in recent years had been one of the greatest problems affecting international trade and economic development. The report prepared by the secretariat (TD/B/888) could be viewed as a very good basis for the Board's deliberations on this subject, and he was convinced that the issue of protectionism and structural adjustment would be one of the main topics on the agenda of the sixth session of UNCTAD.

537. He agreed that there had been a slowdown in structural adjustment in the 1970s. Nevertheless, changes had continued, although they had been mainly concentrated in micro-structural adjustment, for which there was a lack of appropriate statistical data.

538. Citing a number of protectionist measures which currently had a negative effect on the development of his country's trade with some developed market-economy countries, he said that one of the important non-tariff barriers were quantitative restrictions, which limited such Czechoslovak exports as textiles, clothing, shoes, glass and ceramics. A second group of non-tariff barriers frequently applied were licensing systems. These and other non-tariff measures often discriminated against the CMEA countries.

539. The representative of Malaysia said that structural adjustment was a natural and dynamic process which countries underwent during periods of economic development. Understandably, such changes led to social cost and countries had resorted to various protective measures in order to keep the social impact within tolerable bounds. Unfortunately, however, some measures went beyond the borders of acceptability and represented inward-looking trade policies. Managed trade was fast becoming a highly specialized profession in some developed market-economy countries. If left unchecked, this could lead to a "new international economic disorder".

540. He was particularly concerned about protectionism in agriculture and about developments in the area of commodity trade. Commodities were an integral part of Malaysian trade in agricultural products. Improvements which had been made in the Malaysian agricultural sector, as well as achievements in related downstream activities, had been largely negated by the protectionist policies of developed market-economy countries. Referring specifically to the international tin and rubber agreements, he stated that Malaysia was and would remain a firm believer in producer-consumer co-operation and that whatever moves Malaysia might be making in the field of commodities should not be construed as a strong inclination towards cartels. He expressed disappointment at the lack of positive response from some developed countries, in particular towards the Sixth International Tin Agreement. As for the adverse effects of low commodity prices on the Malaysian economy, he said that practices of transnational corporations, big dealers and other marketing arrangements in consumer countries, were a big factor in the determination of prices. So far as Malaysia was concerned, the "invisible hand" of the free market was still the guiding principle, but the conclusion that could be drawn from the Malaysian experience was that there was no such thing as a fair game, even in the open commodity markets.

541. He added that graduation was now being exercised under new trade arrangements, in particular the Multifibre Arrangement and the Generalized System of Preferences. What was most disheartening was the discriminatory practices under the policy of graduation had been arbitrarily used without any clear guidelines on how countries were being graduated and in what fields of trade the principle of graduation was being applied. He therefore wished to register his country's deep concern over the issue of graduation.

542. In conclusion, he strongly urged that special attention be given to the problem of protectionism in agriculture. Greater transparency and a commitment to the concept of interdependence and a need for liberalization of international trade must be the guiding principles for future work in this area.

543. The representative of Mexico stated that the secretariat documentation was a starting-point for further work. He noted the underlying importance of identifying the obstacles to structural changes and of finding solutions for the acceleration of the process of structural change that would benefit the world economy as a whole. He further noted that it was paradoxical to invite the developing countries to participate more extensively and to assume greater responsibility in the international trading system when there was no clear political commitment on the part of the developed countries to move towards a more open commercial policy in the sectors where current and future comparative advantage lay with the developing countries.

544. Stressing the problems of structural adjustment facing some industries, he suggested that there could be an elaboration of a programme of action for a gradual dismantling of trade barriers affecting products exported from developing countries. He noted the need to explore the possibility of intergovernmental groups of experts to analyse and propose effective ways for attaining structural adjustment in those sectors affected by protectionism. He suggested that the Committee on Manufactures and the Committee on Commodities should also contribute to that exercise. He felt that a permanent programme of action for restructuring industrial activities, instead of resort to inefficient protectionism, would revitalize North-South trade flows and facilitate third-world development. He further noted the direct link existing between the import-absorbing capacity of developing countries and the process of making world trade more dynamic.

545. Stating that the exercise currently being carried out in UNCTAD would represent a substantial contribution to the work done in other forums and particularly in GATT, he supported the suggestion by the representative of Australia of establishing an intergovernmental group of experts for the analysis of the particular problems facing the agricultural sector in the light of a broader sectoral programme of action. Secondly, he stressed the need for finding adequate concepts and criteria in respect of market disruption in order to limit the proliferation of protectionist measures. Commenting on the need for an intensified debate on the institutional issues dealing with transparency, he stressed the importance of continuing the preparation of the inventory of non-tariff measures, in consultation with Governments and in collaboration with other organizations, such as GATT. He noted that the exercise should not consist merely of a listing of the non-tariff measures but also of an analysis of their effects, in particular with respect to discriminatory safeguard measures in the international trading system. There should also be a study of the frequency of such measures, the pressures behind them and the various forms of their application, in order to identify the extent to which they were within existing international trade rules.

546. The representative of Indonesia expressed full support for the statement made by the spokesman for the Group of 77. Commenting on the relationship between protectionism and structural adjustment, he said that protectionism should not be used to provide a breathing-space for importing countries. That only delayed structural adjustment by imposing tariff and non-tariff measures in a discriminatory and selective manner to protect inefficient industries from products in which developing countries had a comparative advantage. The danger of temporary safeguard measures was that they tended to become a permanent arrangement to limit the volume of imports from developing countries.

547. While noting the diminishing role of tariffs in the post-MTN period, he stressed the importance which should be attached to tariffs facing some products, particularly those which were labour-intensive. He referred to the discriminatory and restrictive nature of non-tariff measures and the problems of protectionism in the agricultural sector. He deplored the negative impact of variable levies, and the negative implications of levies for the attainment of other international objectives, such as the stabilization of world commodity prices. He noted that palm oil had been subjected to higher import duties than palm kernel, even though palm oil could still be considered a raw material for the production of finished products, such as margarine and soap.

548. He criticized the resort to safeguard measures taken outside the contractual framework of GATT and the lack of transparency in the measures taken. He felt that objective criteria should be decided on before safeguard measures were resorted to. The safeguard action should be taken on a most-favoured-nation basis. Any new safeguard agreement should not legalize the measures taken in departure from the existing safeguard provisions.

549. He welcomed the intention of the UNCTAD secretariat to move on to more concrete grounds in dealing with the problems of protectionism. In that respect, an inventory of non-tariff and tariff measures was indeed essential for identifying the barriers facing the exports of developing countries. Such an inventory should comprise tariff and non-tariff measures applied to primary, refined and finished minerals and agricultural products. In general, tariffs on agricultural products were low, and non-tariff measures should be given primary attention in that area.

550. In conclusion, he expressed his belief that the work undertaken by UNCTAD in this field was complementary to that undertaken by GATT. He hoped that this work would also contribute to the forthcoming ministerial meeting of GATT.

551. The representative of Pakistan noted that protectionism, in both its historical and its contemporary dimensions, had affected the developing countries most severely because its ill effects were not confined to trade but extended to the broader area of development in general. The argument that protectionism against exports of developing countries was justified on the grounds that such countries were low-cost suppliers tended to ignore the fact that cheaper production was perhaps the only competitive element which favoured those countries. The most ironic aspect of protectionism was that not only was domestic industry protected but also the export interests of the developed countries and of political associates were protected by restraining the less favoured but more competitive exporters. Even if protection for domestic industry on social and political grounds was understandable, the extension of the protective umbrella to certain other trade partners, who were often competitive in terms of price, was unjustified.

552. He noted that, in a sense, the demands for protectionism sprang from over-capacity acquired by the domestic industries of the developed market-economy countries during the colonial era through the maintenance of protected overseas markets and the availability of cheap raw materials. A major effect of protectionism had been to tilt the balance of the benefits of a so-called open trading system in favour of the developed countries. He was grateful to the secretariat for underlining the importance of tariff treatment for the exports of the developing countries. The possibilities of tariff reduction were by no means exhausted, and the current complacency in this matter was not justified. Observing that adjustment measures had been used to rejuvenate sick industries, he stressed the need for a careful examination of adjustment policies to see whether they in themselves were not protective devices or, at best, survival strategies.

553. The representative of the German Democratic Republic welcomed the authority in Board resolution 226 (XXII) to discuss important questions of protectionism and structural adjustment. His country appreciated the endeavours of the developing countries to speed up the process of remedying their precarious economic situation and of putting an end to their disadvantageous position in the international capitalist division of labour. However, there had to be a clear understanding on several basic questions from the outset, including questions concerning the approach to the tasks of the Sessional Committee in implementing Conference resolution 131 (V) and Board resolution 226 (XXII). The aim had to be to guarantee that protectionism and structural adjustment were not regarded as an isolated process for purposes of discussion within UNCTAD, but as an integral part of the goal of restructuring international economic relations on a just and democratic basis.

554. With regard to the fight against protectionism, he could not share the opinion that this was exclusively a commercial matter. Many protectionist measures, in particular new ones of a selective and discriminatory character (such as quotas, so-called voluntary export restraints, non-granting of normal trade conditions, sanctions and economic blockades), were by no means merely of an economic nature.

555. His country, which advocated that foreign trade relations should be based on equal rights, mutual benefit and non-discrimination, had not yet been granted unconditional most-favoured-nation treatment by some leading western countries.

Its trade was hampered, among other things, by the application of quotas (for example, in the fields of textiles, chemical products and metallurgical products), restriction of service possibilities, establishment of unjustified regulations and unjustified anti-dumping procedures.

556. So far as the establishment of a so-called "open trading system" was concerned, he stressed that such integrated trading systems could exist only for States with equal socio-economic structures, which was an important prerequisite. His understanding was that the aim was to develop new and fairer trade relations for the capitalist part of the world economy, in which the developing countries would also have a just share. At the same time, he felt that it was necessary to take into account the interests of all States participating in international trade in its various flows and to agree on measures to combat any selective discrimination. An attempt had been made on various occasions in the documentation submitted by the UNCTAD secretariat to apply also to socialist countries statements and assessments made with full justification with regard to protectionist measures taken in the capitalist world. It was not very useful for methods of organizing foreign trade relations applied in countries with different socio-economic structures to be put on the same level. The application of discriminatory protectionist measures in external trade relations was alien to the German Democratic Republic as a socialist country. He rejected the attempts made by certain delegations to describe as protectionist measures certain essential elements of the economy and foreign trade of socialist countries, such as central planning and State foreign-trade enterprises. The principle that exports had to provide the necessary means for realizing imports could not be regarded as protectionism in a planned economy.

557. With regard to the continuation of the elaboration of an inventory of non-tariff protectionist measures by the UNCTAD secretariat, he expressed the view that the main task should be to take, as early as possible, appropriate action that would result in the elimination of protectionist measures in international trade.

558. In conclusion, he emphasized the necessity of including the problem of protectionism and structural adjustment in the agenda of the sixth session of the Conference.

559. The representative of Egypt, speaking on behalf of the African Group of the Group of 77, noted that a number of delegations had drawn attention to the crucial importance of the issues under discussion for the weaker partners in the international trading system. Referring to the least developed countries, of which 21 of the total of 31 were in Africa, he said that, although they accounted for only a very small share of world trade, they were nevertheless adversely affected by the adoption of protectionist measures by their trading partners. Figures presented in document TD/B/887 showed that the purchasing power of exports for the least developed countries had been one sixth lower in 1979 than in 1970. That reflected not only a decline in the volume of goods exported by these countries, but also a significant deterioration in their terms of trade. Moreover, the share of the least developed countries in the manufactured imports of the developed market-economy countries in 1979 had been only one tenth of 1 per cent. Nevertheless, the figures indicated that from one quarter to one third of present exports from the least developed countries to the major developed market-economy countries were subject to tariff or non-tariff barriers. As the representative of Sri Lanka had pointed out, it was very ironical that the burden of structural adjustment was often shifted onto those countries least able to bear it; that seemed to be the case also for the least developed countries.

560. He noted that, in his report to the United Nations Conference on the Least Developed Countries, 34/ the Secretary-General of UNCTAD, in his capacity as Secretary-General of the Conference, had noted that potential new exports of the least developed countries - for example, fully processed commodities - were subject to stringent barriers, the removal of which could have a decisive influence on the viability of new industrial projects. Thus, not only did existing tariff and non-tariff barriers adversely affect the export performance of the least developed countries, but also the escalating nature of these same measures served to discourage both increased industrialization and increased commodity processing in the least developed countries. He proposed that, in any future studies by the UNCTAD secretariat, detailed analysis should be given to the problems faced by the least developed countries. Also, in any future action, the Board should give special attention to the least developed countries.

561. The representative of FAO stated that his organization had stressed on numerous occasions that prevailing high levels of protectionism in agriculture constituted a serious obstacle to the expansion of agricultural trade and to growth of exports of both primary and processed farm products by low-cost producing countries, particularly developing countries. The issue of protectionism was of major concern to the governing bodies of FAO, as reflected in the adoption by the FAO Conference at its twentieth session of resolution 2/79 on commodity trade, protectionism and agricultural adjustment. In that resolution, the FAO Conference had noted with deep concern the signs of increasing protectionist pressures in regard to agricultural products and had recommended that all countries should refrain, to the maximum extent possible, from imposing any new tariff or non-tariff barriers to the imports of agricultural products and should progressively improve market access for agricultural commodities. The same resolution requested the FAO Committee on Commodity Problems, with the assistance of its intergovernmental commodity groups, to review systematically developments in protectionism and their effects on the trade of agricultural commodities, especially from developing countries, in quantified terms where possible. The Committee had met in September 1981 as a follow-up to that resolution. It had noted that a number of FAO intergovernmental groups had already started work in this field, and others were in the process of doing so. The Committee had also agreed that, while some progress had been made in reducing trade barriers, much remained to be done, particularly with regard to non-tariff barriers to agricultural trade. The Committee had further agreed to continue reviewing systematically developments in protectionism that might affect the trade prospects of agricultural commodities.

562. The observer for the International Chamber of Commerce noted that ICC was vitally concerned with the issues of protectionism and structural adjustment. In the view of ICC, a prerequisite for world economic recovery was that the liberal trading system be maintained and strengthened. Continued use of protectionist devices, whether direct or indirect, could only contribute to a further delay in world recovery. There was now a growing world-wide need for more rapid structural adjustment. In considering how such change could be made, ICC had often underlined that adjustment to changing conditions (of technology, demand, trade, fashion, and so on) was the constant preoccupation of businesses. For business, the warning signals that adjustment was needed, and the success or failure of adjustment, lay in the market. Interference with the operation of the market and its ability to give the correct signals was a hindrance to the adjustment process. The prime responsibility of Governments was therefore to create internal and international conditions that contributed to the adjustment process, and to refrain from interventions in the market to protect individual industries which were no longer viable.

563. The representative of UNIDO said that his organization had noted with great interest the report by the UNCTAD secretariat on protectionism and structural adjustment (TD/B/888). It constituted an essential contribution to the debate on the restructuring of industrial production and trade in that, first, it provided greater transparency to the current system of trade and, second, it re-emphasized that trade policies were an integral part of the adjustment process. In parallel with, and supplementary to, this UNCTAD programme, UNIDO was undertaking a continuous surveillance of the process of industrial restructuring and redeployment. UNIDO had observed that, in the developed market-economy countries, government intervention had been increasing in terms not only of trade protection, but also of the management of the restructuring process by means of direct support to industries, innovation policies, export policies, co-operation policies, and labour market policies. At a time when the rules of the game were rapidly changing, UNIDO believed that it was essential to continue the examination of the entire complex of structural adjustment and the impact of national measures on the international system of production and trade. In addition, international consultations between decision-makers should be seen as an essential instrument for enhanced international co-operation in difficult times. Such consultations would ensure that the adjustment measures and related policies of developed countries would not be directed against the endeavours of the developing countries to proceed with their industrial and economic development. The UNIDO system of consultations might provide a suitable basis to this end.

564. The representative of the Secretary-General of UNCTAD said that he was both gratified and honoured by the number and the quality of interventions that had been made in the Sessional Committee. If the documentation had assisted in encouraging this exchange of views, he was particularly pleased. In his view, during the discussions in the Sessional Committee a most important first step had been taken in the area of protectionism and structural adjustment. Summarizing some of the points, suggestions and recommendations that had been made during the discussions, he said they could be divided into three areas: first, the work to be done by the Sessional Committee at the twenty-sixth session of the Board; second, suggestions regarding institutional arrangements; and third, future secretariat studies.

565. He noted that a number of delegations had proposed that, at the twenty-sixth session of the Board, the Sessional Committee should formulate a programme of action designed to liberalize trade and remove rigidities. Aspects suggested for consideration in such a programme were a standstill on new measures of protection, further action with respect to long-standing protection, identification of cases of protection and an examination of the causes of pressures for protection, including on a sectoral basis. Many delegations had suggested that there should be a detailed and ongoing exchange of views on a number of key policy issues. This included consideration of the need for domestic policy intervention to be geared as closely as possible to the specific problem hampering adjustment, the sources of market disturbance, the role of non-tariff measures, the factors affecting structural adjustment, the role of preferential and non-discriminatory treatment, the importance of transparency with regard to protective action, and the extent of discriminatory protection.

566. So far as institutional suggestions were concerned, he drew attention to the proposals for an intergovernmental group of experts which could assist the Board either in examining the extent of protection in the agricultural sector, the need for positive adjustment policies in this sector, and the effects on developing countries, or in drawing up a programme of action that would include the agricultural sector.

567. So far as future secretariat studies were concerned, he referred to the suggestions made for in-depth analysis of a number of issues. These included how to introduce a greater degree of transparency into international trade regulation, how factors other than trade affected structural adjustment, the relationship between short-run and long-run problems of structural adjustment, and the extent to which imports had been a factor aggravating market disturbance (that is, compared to productivity, demand changes, and so on). In these studies, it was noted that there should be more detailed examination on a country-by-country basis, with equal attention being paid to agriculture, industry and services. So far as non-tariff measures were concerned, it had been suggested that a definition of non-tariff barriers could be attempted, inter alia, on the basis of written submissions from Governments and in close co-ordination with GATT. A number of delegations had mentioned the need to differentiate between non-tariff measures and non-tariff barriers, as well as the need to examine barriers to trade in the services sector. The preparation of an inventory of non-tariff measures to cover all groups of countries and trade flows had been referred to by many delegations. It had also been suggested that the secretariat could examine in greater depth the effects on international trade of State-controlled corporations and the activities of transnational corporations, as well as the effects of tariff escalation on the exports of processed products. Finally, suggestions had been made for studies on the effects of the price of energy inputs on the costs of various manufacturing industries and on the question of diversification, intra-industry and inter-industry specialization, and other structural adjustment processes in developing countries.

Action by the Board

568. At the 581st meeting of the Board, on 19 March 1982, the President introduced the draft agreed conclusions which the Chairman of Sessional Committee II had submitted (TD/B (XXIV) /SC. II/L. 2) and which the Committee had referred to the Contact Group of the President of the Board. As a result of his consultations and the understanding reached, he now wished to propose that the Board adopt those draft agreed conclusions.

569. At the same meeting, the Board adopted without a vote the draft agreed conclusions (for the text, see annex I below, decision 250 (XXIV)).

CHAPTER VII

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

(Agenda item 9)

570. The Board had before it for further consideration a draft decision submitted by the Group of 77 at its twenty-second session (TD/B/L.589). 35/

571. The representative of the Secretary-General of UNCTAD, opening the discussion on this item, pointed out that the note by the UNCTAD secretariat, submitted to the Board at its twenty-second session, entitled "Examination of the particular needs and problems of island developing countries" (TD/B/841), also contained proposals for future work in UNCTAD on this subject.

572. The representative of Malta, speaking on behalf of the Group of 77, recalled the main UNCTAD and General Assembly resolutions in this sector and the mandates conferred thereby. He noted that in UNCTAD problems relating to island developing countries were considered only by the Board. Contrary to what obtained with other items, there was no special body where detailed discussion, with the full participation of island developing countries members of UNCTAD, could be carried out. Since 1977, these countries had not had the chance of discussing together solutions to their pressing problems. Countries which had been objecting to the holding of a meeting had advanced no reasonable arguments for their stand. Moreover, all countries members of UNCTAD had the same sovereign right to request bodies of the United Nations to assist them in their economic development. Any attempt to deny that right could not be countenanced. Studies prepared for consideration by the Board could never bring out what Governments themselves could identify in a meeting specifically devoted to the concerns of island developing countries. Solutions to the different characteristics of those countries had not as yet been identified, and for this reason the documents and studies prepared had not been productive. It was therefore time to convene the meeting called for in the draft decision.

573. Furthermore, the meeting should be held before the sixth session of UNCTAD, since otherwise the secretariat would be obliged to consult with each and every island developing country on whether the objectives of Conference resolutions 98 (IV) and 111 (V) had been met and on how to tackle the problems of island developing countries in the 1980s. During the twenty-second session of the Board, the Group of 77 had accepted to remit further consideration of the draft decision to the present session only because of the need to concentrate on preparations for the United Nations Conference on the Least Developed Countries. The Group now felt that the Board should endorse the draft decision, which would be but simple justice to the aspirations of island developing countries and fully in line with the various resolutions of the General Assembly and of UNCTAD.

574. Moreover, since it was recognized that the problems of the developing countries, and in particular the geographically disadvantaged ones, were growing, it was necessary for the international community to strengthen the means by which island developing countries could tackle and surmount them. The Group of 77 therefore proposed that the Secretary-General of UNCTAD take immediate steps to strengthen the unit of the Special Programme for Least Developed, Land-Locked and

Island Developing Countries in order to enable one full-time officer to deal exclusively with island developing countries.

575. Supporting the spokesman for the Group of 77, the representative of Madagascar pointed to some of the special characteristics of island developing countries. Because of their geographical situation, they were prone to natural disasters and it was therefore urgent that international action be taken in order to explore the scope for improving methods of mitigating damage from such disasters and of accelerating reconstruction.

576. Island developing countries were heavily dependent on export revenue, but handicapped by their distance from markets and by many other obstacles including, in particular, restrictive business practices. The international community should be prepared to discuss the means by which donor Governments could give effect to their commitment to increase substantially their subsidies to those countries for the development of port and shipping services.

577. He stressed the importance of international assistance for infrastructure investment and noted that, in general, island developing countries were concerned about the small share of total international aid they received from development agencies, particularly in view of the financial constraints confronting UNDP. Since the economics of island developing countries were particularly vulnerable, international aid programmes needed to be flexible and aid modalities should be simplified, bearing in mind the total amount of aid needed.

578. He noted with regret that proposals in favour of island developing countries tended to concentrate almost exclusively on the transport sector, whereas the essential problem for all these countries was that of building a broad basis for development. In the name of international solidarity, his delegation called on the Board to give unanimous support for the convening of an intergovernmental group of experts to consider a programme of action in favour of island developing countries and, in particular, those which were victims of natural catastrophes. Moreover, it urged the Secretary-General to UNCTAD to ensure that the full time of one staff member was devoted to the problems of those countries.

579. At the 580th meeting, on 19 March 1982, the President introduced draft decision TD/B/L.619 which he had submitted as a result of informal consultations and draft decision TD/B/L.589 was withdrawn.

Action by the Board

580. At the same meeting the Board adopted without a vote the draft decision submitted by the President (for the text, see annex I, decision 247 (XXIV)).

CHAPTER VIII

EXPORT PROMOTION: REPORT OF THE JOINT ADVISORY GROUP ON THE INTERNATIONAL TRADE CENTRE UNCTAD/GATT ON ITS RESUMED FOURTEENTH SESSION

(Agenda item 11)

581. The report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its resumed fourteenth session (ITC/AG(XIV)/75/Add.1, distributed under cover of document TD/B/890) was introduced by the representative of the Netherlands, in his capacity as Chairman of the Group. He stated that the Centre, as a joint subsidiary organ of the United Nations and GATT, had been requested to contribute to the Medium-term Plan for the economic and social sectors of the United Nations for the period 1984-1989. The Joint Advisory Group had accordingly been reconvened in January 1982 for the exclusive purpose of considering the Centre's contribution.

582. He noted that the proposed Medium-term Plan for the trade promotion and export development programme of the Centre was divided into nine subprogrammes (institutional infrastructure for trade promotion at the national level; export market development; specialized national trade promotion services; multinational trade promotion; manpower development for trade promotion; import operations and techniques; special programme for technical co-operation with the least developed countries; trade promotion related to rural development; and technical co-operation with national chambers of commerce) and that the Centre's contribution to the United Nations Medium-term Plan followed closely its own rolling three-year Medium-term Programme. The Joint Advisory Group had underlined the need to foster trade and technical co-operation among developing countries and the increasingly critical development assistance needs of the least developed countries. The Group had also noted that, due to the rapidly evolving trends in international trade and the changing needs of developing countries, the programme would be subject to continuing review.

583. During the discussion in the Group, the view had been expressed that it was difficult to seize from the Centre's proposals a proper order of priorities and to see which activities were of marginal utility. The Group had been assured, however, that such matters would be dealt with during biennial discussions of the Centre's Medium-term Programme as well as at annual reviews of the Centre's work programme by the Group. The administrative structure of the Centre could also change in the light of changing priorities and activities.

584. In conclusion, he stated that the Group had endorsed the Centre's contribution to the United Nations Medium-term Plan 1984-1989, which had been submitted to the United Nations together with the report of the Group. Both documents would be available to the forthcoming session of the Committee for Programme and Co-ordination.

585. The representative of Sweden, speaking also on behalf of Denmark, Finland and Norway, noted that the export earnings of most developing countries were still at unsatisfactory levels and that such earnings were of crucial importance for self-sustained growth and economic development. To achieve greater participation in world trade and increase their exports was a complex problem for developing countries and, in order to acquire the necessary skills and knowledge, they needed

training and assistance in various forms. In this respect, he said the Nordic countries attached great importance to the activities of the Centre, which was the focal point for technical co-operation in trade promotion within the United Nations system. In the important area of marketing, the Centre was the right forum for channelling resources and know-how and thereby helping developing countries to help themselves. He appealed to all countries to make the Centre even better equipped to pursue its activities and referred, in particular, to the strengthened role which the Centre was called upon to undertake in the implementation of the Substantial New Programme of Action for the 1980s for the Least Developed Countries.

586. Referring to the Medium-term Plan 1984-1989, he alluded to the particular type of activities undertaken by the Centre, noting that a certain degree of flexibility had to be retained. The question of priorities among subprogrammes did not necessarily need to be treated in the same way in a comparatively small and highly specialized organ such as ITC as in the larger organs. The work of the Centre should instead be seen as a priority area in itself.

587. The same representative said that the Nordic countries intended to maintain relatively high contributions to the Centre in the future. Zero growth of regular budgets was a feature which most United Nations agencies had to adapt to, but in the light of the levelling off of voluntary contributions the present budgetary situation of the Centre gave rise to concern. He called for a wider range of individual donors to channel resources through the Centre in order to assist it in fulfilling its important task.

588. The representatives of a number of developing countries expressed appreciation for the assistance extended by the Centre to developing countries in trade promotion, including import operations and techniques.

589. The representative of Malta said his country appreciated a number of advisory services it had received.

590. The representative of Somalia referred to the valuable assistance his country had received through a trust-fund-financed project some years ago and stated that his Government looked forward to renewing activities with the Centre in the future.

591. The representative of India stated that his Government followed closely the activities of the Centre and benefited from a trust-fund-financed project which complemented his country's own efforts in trade promotion. Within its own limited resources, his Government made a modest contribution to the financing of the Centre's activities for the benefit of the least developed countries. He hoped there would be a wider international effort in this regard.

592. The representative of Pakistan referred to the need for developing countries for assistance in export product diversification and in seeking new markets. More than ever, the Centre should receive financial support to pursue its important task.

Action by the Board

593. At its 575th meeting, on 12 March 1982, the Board took note of the report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its resumed fourteenth session, as well as of the comments made thereon.

CHAPTER IX

INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS

(Agenda items 1, 10, 11 and 12)

A. Opening of the session

594. The twenty-fourth regular session of the Trade and Development Board was opened by the outgoing President of the Board, Mr. H. A. Dabbagh (Kuwait).

B. Election of officers

(Agenda item 1 (a))

595. At its 570th meeting, on 8 March 1982, the Board elected as its President Mr. G. O. Martínez (Argentina) 36/ and as its Rapporteur Mr. B. Mićević (Yugoslavia).

596. At the same meeting, the Board elected as its Vice-Presidents: Mr. F. Blankart (Switzerland), Mr. H. V. Ewerlöf (Sweden), Mr. R. Hlavatý (Czechoslovakia), Mr. G. O. Ijewere (Nigeria), Mr. A. T. Jayakoddy (Sri Lanka), Mr. F. J. C. Klinkenbergh (Netherlands), Mr. D. Laloux (Belgium), Mr. F. Mebazza (Tunisia), Mr. J. Nyerges (Hungary) and Mr. A. Saavedra Weise (Bolivia).

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

<u>President:</u>	Mr. G. O. Martínez (Argentina)
<u>Vice-Presidents:</u>	Mr. F. Blankart (Switzerland) Mr. H. V. Ewerlöf (Sweden) Mr. R. Hlavatý (Czechoslovakia) Mr. G. O. Ijewere (Nigeria) Mr. A. T. Jayakoddy (Sri Lanka) Mr. F. J. C. Klinkenbergh (Netherlands) Mr. D. Laloux (Belgium) Mr. F. Mebazza (Tunisia) Mr. J. Nyerges (Hungary) Mr. A. Saavedra Weise (Bolivia)
<u>Rapporteur:</u>	Mr. B. Mićević (Yugoslavia)

C. Announcement of any changes in the membership of the Board

(Agenda item 10 (b))

598. At the 570th meeting, on 8 March 1982, the President announced that no communications had been received since the close of the first part of its twenty-third session by the Secretary-General of UNCTAD concerning membership of the Board. Accordingly, the membership of the Board remained as at the close of that session, that is, 124 States. 37/

D. Treatment of Antigua and Barbuda for purposes of elections

(Agenda item 10 (a))

599. At its 570th meeting, on 8 March 1982, the Board decided that, pending action by the Conference at its sixth session in pursuance of paragraph 6 of General Assembly resolution 1995 (XIX), as amended, Antigua and Barbuda, which had become a Member of the United Nations on 11 November 1981, should be treated as if it were in the group of countries listed in part C of the annex to that resolution (see annex I below, Other decisions (a)).

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

(Agenda item 1 (b))

600. At its 570th meeting, on 8 March 1982, the Board adopted as its agenda for the twenty-fourth session the provisional agenda approved by the Board at the second part of its twenty-third session, 38/ (TD/B/886 and Add.1), introducing a number of subitems into item 8. The agenda as adopted was thus as follows (TD/B/895):

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

8. Matters requiring action by the Board arising from or related to reports and activities of its subsidiary and other bodies:
 - (a) Commodity trade;
 - (b) Manufactures and semi-manufactures;
 - (c) Financing related to trade;
 - (d) Medium-term plan and programme budget.
9. Progress in the implementation of specific action related to the particular needs and problems of island developing countries.
10. Institutional, organizational, administrative and related matters:
 - (a) Treatment of new States members of UNCTAD for purposes of elections;
 - (b) Announcement of any changes in the membership of the Board and election to membership of main Committees;
 - (c) Designation of intergovernmental bodies for the purposes of rule 78 of the rules of procedure;
 - (d) Designation and classification of non-governmental organizations for the purposes of rule 79 of the rules of procedure;
 - (e) Rationalization of the permanent machinery of UNCTAD;
 - (f) Supplementary conference services for UNCTAD (Board decision 233 (XXII), para. 3);
 - (g) Review of the calendar of meetings;
 - (h) Financial implications of the actions of the Board.
11. Other business.
12. Adoption of the report of the Board to the General Assembly.

601. Also at its 570th meeting, the Board broadly endorsed the suggestions made by the secretariat for the organization of the work of the session (TD/B/886/Add.2), including a tentative timetable of meetings, and decided to establish two sessional committees of the whole. Sessional Committee I would consider and report on agenda item 2 (Specific matters arising from the resolutions, recommendations and other decisions adopted by the Conference at its fifth session, requiring attention or action by the Board at its twenty-fourth session (except for Conference resolution 127 (V), which would be considered in plenary) and agenda item 8 (Matters requiring action by the Board arising from or related to reports and activities of its subsidiary and other bodies). Sessional Committee II would consider and report on item 7 (Protectionism and structural adjustment).

Sessional Committee I

602. Sessional Committee I held eight meetings, from 8 to 18 March 1982. At its first meeting, Mr. Bagbeni Adeito Nzengeya (Zaire) was elected Chairman and Mr. A. Rubinin (USSR) was elected Vice-Chairman-cum-Rapporteur.

603. At its 8th (closing) meeting, on 18 March 1982, Sessional Committee I considered its draft report (TD/B(XXIV)/SC.I/L.2 and Corr.1-2 and Add.1 and Add.1/Corr.1) and adopted it with a number of amendments.

604. At the resumed 581st meeting of the Board, on 24 March 1982, the Chairman of Sessional Committee I introduced the report of the Committee (TD/B(XXIV)/SC.I/L.1 and Corr.1-2 and Add.1 and Add.1/Corr.1, as amended and completed by TD/B/L.620) and gave a brief account of the action taken by the Committee on the items referred to it.

605. At the same meeting, the Board adopted the report of Sessional Committee I, for incorporation, as appropriate, in its own report. 39/

Sessional Committee II

606. Sessional Committee II held eight meetings, from 8 to 19 March 1982.

607. At its opening meeting, on 8 March 1982, the Committee elected Mr. B. E. Ekblom (Finland) as its Chairman and Mr. A. Nisaif (Iraq) as its Vice-Chairman-cum-Rapporteur.

608. At its 8th (closing) meeting, on 19 March 1982, the Sessional Committee considered its draft report (TD/B(XXIV)/SC.II/L.1 and Add.1-4) and adopted it with a number of amendments.

609. At the resumed 581st meeting of the Board, on 24 March 1982, the Chairman of Sessional Committee II introduced the report of the Committee (TD/B(XXIV)/SC.II/L.1 and Add.1-4, as amended by TD/B/L.621).

610. At the same meeting, the Board adopted the report of Sessional Committee II, for incorporation as appropriate in its own report. 40/

F. Adoption of the report on credentials

(Agenda item I (c))

611. At its 580th meeting, on 19 March 1982, the Board adopted the report of the Bureau on credentials (TD/B/899).

G. Membership and attendance 41/

612. The following States members of UNCTAD, members of the Board, were represented at the first part of the twenty-fourth session:

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

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

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

615. The following specialized agencies were represented at the session:

Food and Agriculture Organization of the United Nations
International Civil Aviation Organization
World Bank
International Monetary Fund
International Maritime Organization
World Intellectual Property Organization

The International Atomic Energy Agency and the General Agreement on Tariffs and Trade were also represented at the session.

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

Central Office for International Railway Transport
Commonwealth Secretariat
Council for Mutual Economic Assistance
European Economic Community
European Free Trade Association
Intergovernmental Committee for Migration
Latin American Economic System
League of Arab States
Organisation for Economic Co-operation and Development
Organization of African Unity
Organization of American States
Organization of Petroleum-Exporting Countries
Permanent Secretariat of the General Treaty on Central American Economic Integration

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

General Category:

Afro-Asian People's Solidarity Organization
Christian Democratic World Union
International Alliance of Women
International Bar Association
International Chamber of Commerce
International Christian Union of Business Executives
International Confederation of Free Trade Unions
International Council of Women

International Law Association

Women's International League for Peace and Freedom

World Peace Council

Special Category:

International Air Transport Association

618. The Palestine Liberation Organization participated pursuant to General Assembly resolution 3237 (XXIX). The African National Congress of South Africa and the Pan Africanist Congress of Azania participated pursuant to General Assembly resolution 3280 (XXIX).

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

(Agenda item 10 (c))

619. At its 572nd meeting, on 9 March 1982, the Board noted that no applications for designation under rule 78 of the rules of procedure of the Board and rule 80 of the rules of procedure of the Conference had been received since its twenty-third session.

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

(Agenda item 10 (d))

620. At its 581st meeting, on 19 March 1982, the Board approved the application by the Federation of Western European Rope and Twine Industries 42/ for designation under rule 79 of the rules of procedure of the Board for the purpose of that rule and rule 81 of the rules of procedure of the Conference. In accordance with the recommendation of the Secretary-General of UNCTAD (TD/B/896), the Board decided that this organization should be classified into the "Special" category for the Committee on Commodities (see annex I below, Other decisions, (f)).

621. The Board noted that the Bureau was unable to recommend the inclusion of the International Council of Hides, Skins and Leather Traders Associations in the list provided for in the above-mentioned rules.

J. Election to membership of main committees

(Agenda item 10 (b))

622. At its 570th meeting, on 8 March 1982, the Board confirmed the membership of its main committees as listed in its report on the first part of its twenty-third session, 43/ and declared Somalia elected to the Committee on Commodities, the Committee on Manufactures, the Committee on Invisibles and Financing related to Trade and the Committee on Shipping. At the 572nd meeting, on 9 March 1982, the Board further declared Burma elected to the Committee on Commodities and the Committee on Economic Co-operation among Developing Countries. 44/

K. Rationalization of the permanent machinery of UNCTAD

(Agenda item 10 (e))

623. At the 581st meeting, on 19 March 1982, the President drew attention to General Assembly resolution 36/117 A of 10 December 1981, in section II, paragraph 5, of which the Assembly requested its subsidiary organs to ensure that their reports be as brief as possible and not exceed the desired limit of 32 pages. He noted that the draft report on its present session which would be before the Board for adoption, incorporating the reports of the two sessional committees, was of the order of 200 pages and urged the Board to take due account of the resolution of the General Assembly in future reports.

Action by the Board

624. At the same meeting the Board, noting the statement by the President, agreed to review the matter again at its twenty-fifth session, when it would attempt to provide guidelines to its Rapporteur so that the Board could conform, to the extent possible, to the limits set by the General Assembly for reports of its subsidiary organs (see annex I below, Other decisions (g)).

L. Supplementary conference services for UNCTAD
(Board decision 233 (XXII), paragraph 3)

(Agenda item 10 (f))

625. At its twenty-second session, the Board, in decision 233 (XXII), noted with appreciation the supplementary conference services provided to UNCTAD by the United Nations Office at Geneva, requested that these services continue to be provided, to the extent possible within existing resources, and decided to review the situation at its twenty-fourth session.

Action by the Board

626. At the 572nd meeting, on 9 March 1982, the Board, having heard a statement by the representative of the Secretary-General of UNCTAD, decided to request that the supplementary conference services provided to UNCTAD by the United Nations Office at Geneva should be continued, to the extent possible within existing resources (see annex I below, Other decisions (b)).

M. Review of the calendar of meetings

(Agenda item 10 (g))

627. Under this item, the Board had before it a note by the UNCTAD secretariat (TD/B/L.613 and Add.1 and 2) containing a revised calendar of meetings for the remainder of 1982 and a tentative schedule for 1983.

628. At the 581st meeting, on 19 March 1982, the representative of the Secretary-General of UNCTAD introduced a note (TD/B (XXIV)/CRP.3), containing further suggestions relating to the calendar of meetings, on which he made a number of comments, and drew attention to a statement of financial implications (TD/B (XXIV)/CRP.3/Add.1) relating to the proposed resumption of the twenty-fourth session of the Board for three days.

629. He added that, in connexion with the proposed scheduling of the first part of the tenth session of the Committee on Invisibles and Financing related to Trade, the secretariat assumed that the sessional committee to be established to evaluate the operational features of an export credit guarantee facility (see annex I below, decision 249 (XXIV), para. 3) would not meet at the same time as the other sessional committee, to be established to undertake a comprehensive review of all aspects of the recommendations in Conference resolution 129 (V) and that, accordingly, no expansion in the established servicing requirements for the session would be called for.

Action by the Board

630. At the same meeting, the Board, having taken note of the financial implications thereof (for the statement of financial implications, see annex IV below), agreed to resume its twenty-fourth session from 11 to 13 May 1982, and approved a revised calendar of meetings for the remainder of 1982 and a tentative schedule for 1983 (see annex I below, decision 251 (XXIV)).

631. Concerning the provision in the calendar of a total of 18 weeks of meetings of working parties, study groups and expert groups in 1982, the Board confirmed the understanding that if the number of weeks of such meetings actually held in 1982 exceeded 16, the balance against this heading for 1983 would be correspondingly reduced.

632. The representative of the Netherlands, speaking on behalf of the members of Group B with the exception of Turkey, said that her Group had made its position clear at earlier sessions of the Board regarding the inclusion in the calendar of meetings that were not open to all members of UNCTAD. It again regretted that the third session of the Meeting of Governmental Experts of Developing Countries on Economic Co-operation among Developing Countries had been included in the calendar at the previous session of the Board by means of a vote, at a time when consultations had been about to be initiated with a view to arriving at a generally acceptable solution to the problems underlying activities within UNCTAD on economic co-operation among developing countries.

633. The President said that he had been approached by a large number of representatives who had suggested that the Secretary-General of UNCTAD, in his consultations on the calendar for the first half of 1983, pursuant to Board decision 143 (XVI), should consider which meetings were not essential to the preparatory process for the sixth session of UNCTAD and could be postponed or even deleted from the calendar, in order to make the maximum amount of time available to the Board and its subsidiary bodies and thus facilitate the preparations for the Conference.

N. Provisional agenda for the twenty-fifth regular session of the Board and organization of the work of the session

(Agenda item 1 (d))

634. The draft provisional agenda for the twenty-fifth regular session was before the Board in a note by the UNCTAD secretariat (TD/B/L.616).

Action by the Board

635. At its 581st meeting, on 19 March 1982, the Board approved the provisional agenda for the twenty-fifth regular session contained in document TD/B/L.616 (see annex V below) and authorized the President, in consultation with the Secretary-General of UNCTAD, to adjust the provisional agenda, as necessary, in the light of developments. It requested the Secretary-General of UNCTAD to consult with delegations on the organization of the work of the session and to circulate his suggestions thereon.

636. Regarding the question of holding a session of the Board at ministerial level before the sixth session of the Conference, the Board, at its 573rd meeting, on 11 March 1982, agreed that it would be considered further, if necessary, at a resumption of the twenty-fourth session (see annex I below, Other decisions (c)).

O. Other business

(Agenda item 11)

1. Announcement relating to the Common Fund for Commodities 45/

637. At the resumed 581st meeting, on 24 March 1982, the representative of Pakistan stated that his country had decided to join the Common Fund. It was the earnest hope of his Government that the preparatory work now under way would be finalized satisfactorily as soon as possible so that the Fund could be brought into early operation and that, in particular, the negotiations on individual commodity agreements, such as those on cotton, would gather momentum and be brought to a satisfactory conclusion.

2. Matter arising from the implementation of Conference resolution 109 (V) on assistance to national liberation movements recognized by regional intergovernmental organizations

638. The representative of Nigeria referred to a report which was before the Board at its twenty-third session, prepared by a consultant, entitled "Review of the economic conditions in Namibia and South Africa", part II of which (TD/B/869/Add.1) contained, in paragraph 12, an inaccurate and highly fallacious statement which he wished to refute on behalf of his Government. Nigeria was inaccurately mentioned as one of the valuable mining markets being serviced by South African engineering and chemical industries. His Government utterly refuted that allegation, the motive for which must have been to cast aspersion on the well-known stand of Nigeria regarding the question of collaboration with the South African régime.

Nigeria was in the forefront of countries fighting for the dismantling of apartheid and for racial equality for all in South Africa, without regard to colour, race or sex.

639. There was no need for him to narrate the stand of Nigeria, either in the Board or in other forums, on the question of collaboration with South Africa, which was one of total isolation in all forums, be it cultural, military, political, or economic. It had always advocated comprehensive and mandatory sanctions against South Africa.

640. It was highly regrettable that the author of the report in question had sought, either by act of commission or by act of omission, to mislead the international community through such a blatant and gross distortion of fact, thereby portraying Nigeria in a bad light for whatever motive. The records available to everyone showed that Nigeria had never wavered in its stand regarding the racist minority régime in South Africa. Nigeria's contributions to the liberation efforts, both material and financial, were meaningful and substantial. He therefore wished to place on record that the allegation to which he had referred was not only sweeping, but also unsubstantiated, and therefore called for a closer look at the entire report. A situation such as the one he had described called into question the authenticity of the report itself and the validity of its conclusions. He therefore appealed to the UNCTAD secretariat to ensure that in future it commissioned consultants who would not only research their facts, but also substantiate them with empirical, foolproof statistics.

641. His delegation wished to dissociate itself from document TD/B/869/Add.1, which, to say the least, was most inaccurate. Nigeria did not have and never would have any linkage with a South African business as long as the policy of apartheid lasted. Until South Africa changed its ways and agreed to majority rule, there could never be any collaboration between that country and Nigeria.

P. Financial implications of the actions of the Board

(Agenda item 10 (h))

642. In connexion with decision 251 (XXIV) on the calendar of meetings, the UNCTAD secretariat submitted, under rule 31 of the rules of procedure, statements concerning the financial implications of the actions proposed. 46/

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

(Agenda item 12)

643. Introducing the draft report at the resumed 581st meeting, on 24 March 1982, the Rapporteur said that he had been very conscious of the wish of the General Assembly that the reports of its subsidiary bodies should be concise. However, he had been obliged to take into account that the discussion on items 3 and 4 was a continuation of the discussion at the twenty-third session and, for the same reasons as prevailed then, merited extensive treatment in the report. Also, the Board had undertaken, in Sessional Committee II, its first comprehensive annual review of protectionism and structural adjustment, and all concerned felt that the

discussion had been at a high level and warranted full reflection in the report. He was confident that his successors would be able to provide shorter draft reports now that the Board had decided (see para. 624 above) that at its twenty-fifth session it would attempt to provide guidelines to its Rapporteur so that the Board could conform, to the extent possible, to the limits set by the General Assembly.

644. At the same meeting, the Board adopted the draft report on the first part of its twenty-fourth session (TD/B/L.618 and Add.1-7), with a number of amendments, and authorized the Rapporteur to complete the report as appropriate and to make any necessary editorial changes.

R. Adjournment of the session

645. At the resumed 581st meeting, on 24 March 1982, the President declared adjourned the twenty-fourth session of the Trade and Development Board which would resume on 11 May 1982 to continue its consideration of agenda item 6 (Sixth session of the United Nations Conference on Trade and Development: preparations for the session) and any other pending matters.

Notes

1/ The text of the Secretary-General's statement was subsequently circulated (TD/B (XXIV)/Misc.3 and Corr.1) pursuant to a decision by the Board at its 571st meeting, the Board having taken note of the financial implications thereof.

2/ For a fuller account of the proceedings in plenary meetings, see the summary records of the 570th to 581st meetings (TD/B/SR.570-581/Add.1).

3/ For the printed version, see TD/B/863/Rev.1 (United Nations publication, Sales No. E.81.II.D.9).

4/ See Official Records of the General Assembly, Thirty-sixth Session, Supplement No. 15 (A/36/15), part three, para. 250, and annex I, Other actions para. 3 (g).

5/ New York, Oxford University Press, 1981.

6/ Official Records of the General Assembly, Thirty-sixth Session, Supplement No. 15 (A/36/15), part three, paras. 47-54.

7/ "Review of trends and policies in trade between countries having different economic and social systems", Official Records of the Trade and Development Board, Twenty-third Session, Annexes, agenda item 7, document TD/B/859.

8/ United Nations publication, Sales No. E/F.80.II.D.10 and corrigendum.

9/ To be issued as a United Nations publication (TD/B/888/Rev.1).

10/ Co-operation of the CMEA member countries and the Council for Mutual Economic Assistance with the developing States (Moscow, 1982) and Economic Development of the CMEA Member Countries in the Period of 1971/1980 and General Review of the Implementation of the Comprehensive Programme (Moscow, 1981).

- 11/ Except for Conference resolution 127 (V), which was considered in plenary.
- 12/ Item considered in plenary.
- 13/ See Official Records of the General Assembly, Thirty-sixth Session, Supplement No. 15 (A/36/15), part four, annex I, Other decisions (c).
- 14/ Official Records of the General Assembly, Thirth-sixth Session, Supplement No. 15 (A/36/15), part three, annex III.
- 15/ Ibid., annex II, A.
- 16/ Ibid., annex I, Other actions, para. 3 (b).
- 17/ The Sessional Committee, having taken note of the financial implications, decided that the full text of this statement should be circulated (TD/B (XXIV)/SC.I/Misc.1).
- 18/ See Official Records of the General Assembly, Thirty-sixth Session, Supplement No. 15 (A/36/15), part three, para. 358 and annex III.
- 19/ See Official Records of the General Assembly, Thirty-sixth Session, Supplement No. 15 (A/36/15), part three, paras. 360 and 361.
- 20/ Ibid., para. 362.
- 21/ TD/B/863/Rev.1 (United Nations publication, Sales No. E.81.II.D.9).
- 22/ The report of the Committee on its first special session will be issued in provisional form as TD/B/C.1(S-I)/Misc.4 and subsequently printed as Supplement No. 2 to Official Records of the Trade and Development Board, Twenty-fifth Session (TD/B/894).
- 23/ TD/RBP/CONF.10/Rev.1 (United Nations publication, Sales No. E.81.II.D.5).
- 24/ Official Records of the Trade and Development Board, Twenty-third Session, Annexes, agenda item 9 (a), document TD/B/862.
- 25/ Official Records of the General Assembly, Thirty-sixth Session, Supplement No. 15 (A/36/15), part three, annex I, Other actions, para. 3 (e).
- 26/ Ibid., part three, para. 397-402.
- 27/ Ibid., Supplement No. 6 (A/36/6), vol. II, p. 32.
- 28/ The report of the Working Party was subsequently issued as TD/B/WP(V)/Misc.2 and will be issued in printed form as Supplement No. 2 to the Official Records of the Trade and Development Board, Twenty-fourth Session (TD/B/902).
- 29/ To be issued as a United Nations publication (TD/B/887/Rev.1).
- 30/ Ibid. (TD/B/888/Rev.1).

31/ Alberto Valdés and Joachim Zietz, Agricultural protection in OECD countries: its costs to less-developed countries, International Food Policy Research Institute, Research Report 21 (Washington D.C., December 1980), p. 29.

32/ Lagos Plan of Action for the Implementation of the Monrovia Strategy for the Economic Development of Africa (A/S-11/14, annex I). For the printed text, see Organization of African Unity, Lagos plan of action for the economic development of Africa: 1980-2000 (Geneva, International Institute for Labour Studies, 1981).

33/ TD/B/863/Rev.1 (United Nations publication, Sales No. E.81.II.D.9).

34/ "The least developed countries in the 1980s" (A/CONF.104/2 and Corr.1, Add.1, and Corr.1, Add.2 and Corr.1 and Add.3); to be issued as part of a United Nations publication (A/CONF.104/2/Rev.1).

35/ See Official Records of the General Assembly, Thirty-sixth Session, Supplement No. 15 (A/36/15), part one, annex I, Other actions, para. 3 (d), and annex II.B.

36/ For the statement by the President upon his election, see paras. 2-6 above.

37/ For the membership of the Board at the close of the first part of the twenty-third session, see Official Records of the General Assembly, Thirty-sixth Session, Supplement No. 15 (A/36/15), part three, annex VI.

38/ Official Records of the General Assembly, Thirty-sixth Session, Supplement No. 15 (A/36/15), part four, annex II.

39/ The substance of the report of the Sessional Committee is incorporated in chapters II and IV above.

40/ The substance of the report of Sessional Committee II is incorporated in chapter VI above.

41/ For the list of participants in the session, see TD/B/INF.115.

42/ The application by this non-governmental organization, together with information on its history, structure and functioning, is contained in document TD/B/R.27/Add.2 (derestricted).

43/ Official Records of the General Assembly, Thirty-sixth Session, Supplement No. 15 (A/36/15), part three, annex VII.

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

45/ Announcements in this connexion were also made during the Board's consideration of agenda items 3, 4, 5 and 6 (see paras. 103, 259 and 386 above).

46/ The statement of financial implications concerning the calendar of meetings is reproduced in annex IV below.

ANNEX I

Decisions adopted by the Trade and Development Board
at the first part of its twenty-fourth session

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DECISIONS

247 (XXIV). Specific action related to the particular needs and problems of island developing countries

The Trade and Development Board,

Reiterating the programme of specific action in favour of developing island countries envisaged in resolutions 98 (IV) of 31 May 1976 and 111 (V) of 3 June 1979 of the United Nations Conference on Trade and Development,

Recalling General Assembly resolution 35/61 of 5 December 1980 and other resolutions of the United Nations relating to the special needs and problems of island developing countries,

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

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

Requests the Secretary-General of UNCTAD, in undertaking preparations for the sixth session of the Conference in 1983, while focusing on a selective agenda to pay due account to the problems of island developing countries and, in consultation with Governments, in particular those of island developing countries and including international organizations with responsibilities in development co-operation and natural disaster situations, to ensure that documentation and material are available to the Conference at its sixth session that will allow it to address effectively the problems of island developing countries.

580th meeting
19 March 1982

248 (XXIV). Multilateral trade negotiations

The Trade and Development Board

1. Welcomes the discussion which took place, under item 2 of the agenda of its twenty-fourth session, on the question of multilateral trade negotiations (Conference decision 132 (V));

2. Takes note of the statement by the Director of the Manufactures Division; a/

3. Decides to remit deliberation of this item to its twenty-fifth session, together with the draft resolution on developments in the international trading system submitted by Gabon on behalf of States members of the Group of 77 at its twenty-third session, b/ the statements by the Director of the Manufactures Division at its twenty-third c/ and twenty-fourth sessions, and the views expressed during the discussions on this matter at its twenty-fourth session;

4. Requests the Secretary-General of UNCTAD to assist the deliberation of this item at the twenty-fifth session of the Trade and Development Board.

581st meeting
19 March 1982

249 (XXIV). Operational features of an export credit guarantee facility

The Trade and Development Board

1. Takes note of the report of the intergovernmental Group of Experts on the Establishment of an Export Credit Guarantee Facility, d/ which was convened to consider, at the technical level, the operational features of such a facility;

2. Requests the Secretary-General of UNCTAD, with the assistance of experts, to prepare the necessary documentation on the outstanding issues, as outlined in subparagraphs (a), (b) and (c) of paragraph 6 of the report, concerning the establishment of an export credit guarantee facility;

3. Invites the Committee on Invisibles and Financing related to Trade, at its tenth session, to establish a sessional committee to evaluate the operational features of an export credit guarantee facility with a view to completing consideration of this matter, and to report to the Trade and Development Board at its twenty-sixth session.

581st meeting
19 March 1982

250 (XXIV). Agreed conclusion on protectionism and structural adjustment

The Trade and Development Board

Adopts the agreed conclusions on protectionism and structural adjustment annexed to the present decision.

581st meeting
19 March 1982

Annex

AGREED CONCLUSIONS ON PROTECTIONISM AND STRUCTURAL ADJUSTMENT

I

1. There was general agreement that UNCTAD, as a universal organization, had an important role to play in dealing with the issues of protectionism and structural adjustment. The complexity of the subject matter called for in-depth consideration and the fact that group statements were complemented by a great number of statements by individual delegations was found particularly helpful for the purpose of reviewing the widest possible range of approaches and policy considerations of relevance to the global issue of protectionism and structural adjustment.

2. The UNCTAD secretariat had prepared useful documentation for this first annual review in accordance with Board resolution 226 (XXII) of 20 March 1981. Although some of the analyses and conclusions presented in the documents were not shared by all members of the Board, it was generally recognized that the UNCTAD secretariat had provided the Board with an important input for its first discussion of the issues of protectionism and structural adjustment.

II

3. The Board agreed that the basic aims of the reviews remained as stated in Conference resolution 131 (V) of 3 June 1979 and Board resolution 226 (XXII). The Board further agreed that, bearing in mind the various interventions made at the first annual review of the problems of protectionism and structural adjustment and the general agreement that the interests of the developing countries, and especially the least developed among them, were an essential dimension of this whole exercise, particular attention should be devoted at its second annual review to the following points, which as such should also give guidance to the secretariat in its preparation of documents for the second annual review:

(a) All factors of relevance to the issues of protectionism and structural adjustment should be examined and the secretariat should include all such factors in the comprehensive, factual and analytical studies, which should provide an accurate presentation of up-to-date statistical data available (where appropriate in absolute as well as percentage terms) and should cover in a consistent way all countries and groups of countries as well as all sectors.

(b) When dealing with policies, as well as their underlying factors, that influence structural adjustment and trade, in-depth analyses should not be limited to manufactures, but should devote commensurate attention to the situations in the fields of agriculture and services. In this regard, the secretariat should take into account the documentation and information available with other appropriate international organizations.

(c) Steps for securing transparency at the international level as regards trade policies and practices should be thoroughly examined by the Board with a view to providing it with a basis for evaluating the effectiveness of such steps and for making suggestions as regards possibilities to increase that effectiveness.

(d) The second annual review by Governments should also be addressed to suggestions and recommendations directed towards the seeking of appropriate solutions in the area of protectionism and structural adjustment within the framework of a work programme to be considered at the sixth session of the Conference.

4. There was general agreement that the continuation of the discussion on protectionism and structural adjustment at the twenty-sixth session of the Board required thorough preparation by Governments and that therefore the secretariat should make every effort to issue all documents requested, including the inventory of non-tariff barriers, at least six weeks in advance of that session.

251 (XXIV). Review of the calendar of meetings

The Trade and Development Board

Approves the calendar of meetings for the remainder of 1982 and the tentative schedule for 1983 annexed to the present decision:

581st meeting
19 March 1982

Annex

CALENDAR OF MEETINGS FOR THE REMAINDER OF 1982 AND
TENTATIVE SCHEDULE OF MEETINGS FOR 1983 e/

A. Calendar of meetings for the remainder of 1982

	<u>Date</u>
Joint Advisory Group on the International Trade Centre UNCTAD/GATT, fifteenth session	22-26 March
Preparatory Commission for the Common Fund for Commodities, Working Party II, fourth session	22-26 March
Consultations of the Secretary-General of UNCTAD on Cotton	30 March-2 April
Intergovernmental Preparatory Group on Conditions for Registration of Ships (resolution 43 (S-III), para. 2, of the Committee on Shipping)	13-30 April
Meeting on Rubber f/	19-20 April
Working Group on Rules of Origin, ninth session*	28-30 April
Intergovernmental Group of Experts on Tea, third session	3-7 May
Special Committee on Preferences, eleventh session	3-11 May

<u>1982</u>	<u>Date</u>
Third Preparatory Meeting on Tea	10-14 May
Trade and Development Board, second part of the twenty-fourth session	11-13 May
Interim Committee of the United Nations Conference on an International Code of Conduct on the Transfer of Technology, second session	17-21 May
Preparatory Commission for the Common Fund for Commodities, fourth session	17-28 May
Meeting of Governmental Experts on the Transfer, Application and Development of Technology in the Food Processing Sector (Board resolution 230 (XXII))*	1-9 June
Sixth Preparatory Meeting on Tropical Timber	1-11 June
Meeting on Tin (if required)	10-11 June
Committee on Shipping, tenth session	14-25 June
Working Party on Trade Expansion and Regional Economic Integration among Developing Countries, second session*	28 June-2 July
Meeting of Governmental Experts on the Transfer, Application and Development of Technology in the Capital Goods and Industrial Machinery Sector (Board resolution 230 (XXII))*	7-16 July
Meeting of Governmental Experts of Developing Countries on Economic Co-operation among Developing Countries, third session*	19-30 July
Working Party on the Medium-term Plan and the Programme Budget, sixth session	30 August-3 September
Intergovernmental Group of Experts on the Feasibility of Measuring Human Resource Flows (Board resolution 227 (XXII))*	30 August-8 September
Trade and Development Board, twenty-fifth session	6-17 September
Meeting of Governmental Experts on the Transfer, Application and Development of Technology in the Energy Sector (Board resolution 241 (XXIII))*	30 September-8 October
Committee on Manufactures, tenth session	4-15 October
Second Meeting of Multilateral and Bilateral Financial and Technical Assistance Institutions with Representatives of the Least Developed Countries (Board resolution 171 (XVIII), para. 2)*	11-20 October

1982

Date

Committee on Tungsten, fourteenth session	25-29 October
Working Group on International Shipping Legislation, ninth session	25 October- 12 November
Group of Governmental Experts on Bananas	1-5 November
Preparatory Meeting on Bauxite	8-12 November
Intergovernmental Group of Experts on Restrictive Business Practices, second session	15-24 November
Committee on Invisibles and Financing related to Trade, tenth session, first part (financing related to trade)	15-26 November
Committee on Transfer of Technology, fourth session	29 November- 10 December
Intergovernmental Group of Experts on Manganese	13-17 December
Committee on Invisibles and Financing related to Trade, tenth session, second part (invisibles: insurance)	13-17 December

Meetings for which the dates are to be determined

Duration

Interim Committee of the United Nations Conference on an International Code of Conduct on the Transfer of Technology, third session	Up to 2 weeks
United Nations Conference on an International Code of Conduct on the Transfer of Technology, fifth session	3 weeks
Committee on Economic Co-operation among Developing Countries, third session	2 weeks
Permanent Group on Synthetics and Substitutes, seventh session (if required)	1 week
United Nations Conference to Negotiate an International Arrangement to replace the International Wheat Agreement 1971, as extended, fourth part (if required)	Up to 4 weeks
United Nations Conference on Jute and Jute Products, 1981, third part	1 week
Meeting of States having deposited instruments of ratification, acceptance or approval of the Agreement Establishing the Common Fund for Commodities (if required)	1 day
Seventh (third part) or Eighth Preparatory Meeting on Copper	1 week
Resumed Sixth Preparatory Meeting on Cotton	1 week

<u>1982</u>	<u>Duration</u>
(Preparatory) Meeting on Hard Fibres	1 week
Third Preparatory Meeting on Iron Ore	1 week
Third Preparatory Meeting on Manganese	1 week
Third Preparatory Meeting on Phosphates	1 week
Meeting of Representatives of Interested Governments on Bulk Cargo Shipments (Conference resolution 120 (V), para. 5)*	1 week
<u>Ad Hoc</u> Intergovernmental High-level Group of Experts on the Evolution of the International Monetary System, second session*	1 week
Group of Governmental Experts on the Concepts of the Present Aid and Flow Targets, fourth session (Board decision 197 (XIX))*	1 1/2 weeks
* * *	
Commodity conferences and other commodity meetings	As required (up to 20 weeks)
Working parties, study groups and expert groups	As required <u>g/</u>

B. Tentative schedule for 1983

	<u>Date and duration</u>
Permanent Sub-Committee on Commodities, third session	17-26 January
Committee on Commodities, tenth session	26 January- 4 February
Technical Committee of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT, twelfth session <u>h/</u>	January (1 week)
Joint Advisory Group on the International Trade Centre UNCTAD/GATT, sixteenth session	March/April (2 weeks)
Trade and Development Board, twenty-sixth session and twelfth special session <u>i/</u>	March (2 weeks)
Special Committee on Preferences, twelfth session	April (1-2 weeks)

1983

Date and duration

United Nations Conference on Trade and Development j/

May/June 1983

Pre-Conference meeting
Sixth session

Intergovernmental Group of Experts on Restrictive Business Practices, third session

October/November
(1 1/2 weeks)

* * *

Working Party on the Medium-term Plan and the Programme Budget, seventh session

To be determined
(1 week)

Working Party on the Medium-term Plan and the Programme Budget, eighth session

To be determined
(1 week)

Trade and Development Board, twenty-seventh session

To be determined

Sessions of two or three main committees

Throughout the
year (1-2 weeks
each)

Working Group on International Shipping Legislation, tenth session

2 weeks

Committee on Tungsten, fifteenth session (if required)

1 week

Permanent Group on Synthetics and Substitutes (if required)

1 week

Commodity conferences and other commodity meetings
(Up to 40 weeks)

As required

Working parties, study groups and expert groups

As required
(Up to 16 weeks) k/

252 (XXIV). Access to capital markets by developing countries

The Trade and Development Board,

Taking into account the discussions on agenda items 3 and 4 of its twenty-third session, in particular the concern expressed regarding the financial situation of developing countries,

Bearing in mind the obstacles encountered by the developing countries in financial markets,

Reaffirming the importance of improved access to capital markets by developing countries,

Reaffirming further decision 16 (IX) of 11 July 1980 of the Committee on Invisibles and Financing related to Trade on access to capital markets, l/

1. Requests the Secretary-General of UNCTAD, when preparing the documentation provided for in decision 16 (IX) of that Committee, to prepare a factual and analytical report on the present terms and conditions for the access of developing countries to capital markets in the light of the balance-of-payments situation of developing countries;

2. Requests the Committee on Invisibles and Financing related to Trade to pay particular attention, at its tenth session, to the terms and conditions for improved access to capital markets by developing countries.

581st meeting
19 March 1982

OTHER DECISIONS TAKEN BY THE BOARD AT THE
FIRST PART OF ITS TWENTY-FOURTH SESSION

(a) Treatment of Antigua and Barbuda for purposes of elections m/

At its 570th meeting, on 8 March 1982, the Board decided that, pending action by the Conference at its sixth session in pursuance of paragraph 6 of General Assembly resolution 1995 (XIX), as amended, Antigua and Barbuda, which had become a Member of the United Nations on 11 November 1981, should be treated as if it were in the group of countries listed in part C of the annex to that resolution.

(b) Supplementary conference services for UNCTAD n/

At its 572nd meeting on 9 March 1982, the Board decided to request that the supplementary conference services provided to UNCTAD by the United Nations Office at Geneva, pursuant to Board decision 233 (XXII) of 20 March 1981, paragraph 3, should be continued, to the extent possible within existing resources.

(c) Question of holding a session of the Board at ministerial level before the sixth session of the Conference o/

At its 573rd meeting, on 11 March 1982, the Board agreed that it would consider further, if necessary, at a resumption of the twenty-fourth session, the question of holding a session of the Board at ministerial level before the sixth session of the Conference.

(d) Economic co-operation among developing countries p/

At its 580th meeting, on 19 March 1982, the Board agreed that the President of the Board at its twenty-third session, Mr. Hassan Ali Dabbagh (Kuwait), should be requested to continue the consultations he had undertaken since the close of the twenty-third session of the Board, in co-ordination with the President of its

present session, Mr Gabriel Martínez (Argentina), in order to reach by the second part of the twenty-fourth session, to be held in May 1982, a generally acceptable solution to the problems underlying the activities within UNCTAD on economic co-operation among developing countries.

The Board further decided that, should it not be possible to present to it an agreed proposal at the second part of its twenty-fourth session, the consultations would be continued during that session on an informal basis so as to enable the Board to concentrate its attention on the provisional agenda for the sixth session of the Conference.

(e) Convening of a second part of the twenty-fourth session of the Board g/

At its 580th meeting, on 19 March 1982, the Board decided to hold a second part of its twenty-fourth session, from 11 to 13 May 1982, for the purpose of finalizing the provisional agenda for the sixth session of the Conference.

(f) Designation and classification of non-governmental organizations for the purposes of rule 79 of the rules of procedure of the Trade and Development Board r/

At its 581st meeting, on 19 March 1982, the Board approved the application by the following non-governmental organizations for designation under rule 79 of the rules of procedure of the Board for the purpose of that rule and rule 81 of the rules of procedure of the Conference and decided that it should be classified into the "Special" category for the Committee on Commodities:

Federation of Western European Rope and Twine Industries (EUROCORD)

(g) General Assembly resolution 36/117 A of 10 December 1981 s/

At its 581st meeting on 19 March 1982, the Board agreed to review again at its twenty-fifth session the question of ensuring, pursuant to section II, paragraph 5, of General Assembly resolution 36/117 A of 10 December 1981, that its reports should be as brief as possible and not exceed the desired limit of 32 pages. At that session it would attempt to provide guidelines to its Rapporteur, so that the Board could conform, to the extent possible, to the limits set by the General Assembly for reports of its subsidiary organs.

(h) Trade and trade-related aspects of industrial collaboration arrangements t/

At its 581st meeting, on 19 March 1982, the Board decided to transmit the report of the Ad Hoc UNCTAD/UNIDO Group of Experts on Trade and Trade-related Aspects of Industrial Collaboration Arrangements on its second session u/ to the Industrial Development Board at its sixteenth session, drawing its attention to the views expressed at the twenty-third and twenty-fourth sessions of the Trade and Development Board, and further decided to review this matter at its twenty-fifth session.

Other action taken by the Board

1. At its 575th meeting on 12 March 1982, the Board took note of the report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its resumed fourteenth session, v/ as well as of the comments made thereon. w/
2. At its 580th meeting, on 19 March 1982, the Board decided to refer draft resolution TD/B/L.360 on the interdependence of problems of trade, development finance and the international monetary system to its twenty-fifth session for further consideration and appropriate action. x/
3. At its 581st meeting, on 19 March 1982, the Board:
 - (a) Decided to remit to its twenty-fifth session consideration of draft resolution TD/L.195 on transnational corporations and international commodity trade; y/
 - (b) Took note of the agreed conclusions of the Committee on Commodities at its first special session and endorsed the recommendations contained therein. z/ In respect of paragraph 7 of the agreed conclusions, it decided to defer consideration of a complementary financing facility for commodity-related shortfalls in export earnings until it received the report of the Committee on Commodities on its tenth session; aa/
 - (c) Took note of the report of the Intergovernmental Group of Experts on Restrictive Business Practices on its first session bb/ and endorsed resolution 1 (I) adopted by the Group; cc/
 - (d) Took note of the report of the Working Party on the Medium-term Plan and the Programme Budget on its fifth session dd/ and endorsed the recommendations adopted by the Working Party; ee/
 - (e) Approved the provisional agenda for its twenty-fifth regular session and authorized the President, in consultation with the Secretary-General of UNCTAD, to adjust the provisional agenda, as necessary, in the light of developments. It requested the Secretary-General of UNCTAD to consult with delegations on the organization of the work of the session and to circulate his suggestions thereon. ff/
4. At its resumed 581st meeting, on 24 March 1982, the Board took note of the interest expressed by the Government of Yugoslavia in providing host facilities at Belgrade for the sixth session of the Conference and expressed the hope that, on the basis of the information to be provided by the secretariat, the Government of Yugoslavia would be in a position to inform the Board at its resumed session in May 1982 of its decision in this matter, so that the Board would be able to make an appropriate recommendation on the venue of the sixth session of the Conference. gg/

Notes

a/ TD/B (XXIV) /SC.I/Misc.1.

b/ For the text, see the report of the Trade and Development Board on its twenty-second and twenty-third sessions (Official Records of the General Assembly, Thirty-sixth Session, Supplement No. 15 (A/36/15), part three, annex II, A.)

c/ Ibid., annex III.

d/ TD/B/889 (reproduced in Official Records of the Trade and Development Board, Twenty-fourth Session, Annexes, agenda item 8).

e/ Unless otherwise indicated, all meetings will be held in Geneva. Meetings marked with an asterisk are deductible from the block provision for "Working parties, study groups and expert groups".

f/ If, before or on 15 April 1982, the requirements for the definitive entry into force of the International Natural Rubber Agreement, 1979, are met, this Meeting will not be required.

g/ At its 581st meeting, on 19 March 1982, the Board agreed that if the total number of meetings under this heading actually held in 1982 exceeded 16, the balance for 1983 would be correspondingly reduced.

h/ Subject to decision by the Joint Advisory Group at its fifteenth session (22-26 March 1982).

i/ The twelfth special session is to be held for one week in conjunction with the twenty-sixth regular session, in accordance with Board resolution 245 (XXIII) para. 5.

j/ Venue to be determined.

k/ See foot-note c above.

l/ See the report of the Committee on the first part of its ninth session (Official Records of the Trade and Development Board, Twenty-first Session, Supplement No. 15 (TD/B/821-TD/B/C.3/172), annex I.

m/ See the report of the Board on the first part of its twenty-fourth session, (hereinafter referred to as "Report (part one)") (Official Records of the General Assembly, Thirty-seventh Session, Supplement No. 15 (A/37/15), vol. I, part one), para. 599.

n/ Ibid., para. 626.

o/ Ibid., para. 636.

p/ Ibid., paras. 164-165.

q/ Ibid., para. 414.

r/ Ibid., para. 620.

s/ Ibid., para. 624.

t/ Ibid., para. 320.

u/ TD/B/862 (reproduced in Official Records of the Trade and Development Board, Twenty-third Session, Annexes, agenda item 9 (a)).

v/. ITC/AG(XIV)/75/Add.1; a note by the UNCTAD secretariat drawing attention to the report was issued as document TD/B/890.

w/ See Report (part one), para. 593.

x/ Ibid., para. 132.

y/ Ibid., para. 242.

z/ See the report of the Committee (Official Records of the Trade and Development Board, Twenty-fifth Session, Supplement No. 2 (TD/B/894)).

aa/ See Report (part one), para. 287.

bb/ TD/B/884 (reproduced in Official Records of the Trade and Development Board, Twenty-fourth Session, Annexes, agenda item 8).

cc/ See Report (part one), para. 300.

dd/ Official Records of the Trade and Development Board, Twenty-fourth Session, Supplement No. 2 (TD/B/902).

ee/ See Report (part one), para. 347.

ff/ Ibid., para. 635.

gg/ Ibid., para. 369.

ANNEX II

Draft resolutions remitted for further consideration
by the Board at its twenty-fifth session

Developments in the international trading system a/

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

[TD/B (XXIII) /SC.I/L.7/Rev.1]

Interdependence of problems of trade, development, finance
and the international monetary system b/

Draft resolution submitted by Ethiopia, Gabon, Ghana, Kenya, the Libyan
Arab Republic, c/ Madagascar, Mauritius, Nigeria, Rwanda, Senegal,
the Sudan, Uganda, the Upper Volta, and Zaire

[TD/B/L.360]

Transnational corporations and international commodity trade d/

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

[TD/L.195]

Notes

a/ See para. 235 above and annex I, decision 248 (XXIV), para. 3. The text
of this draft resolution is contained in the report of the Board on the first part
of its twenty-third session, Official Records of the General Assembly, Thirty-sixth
Session, Supplement No. 15 (A/36/15), part three, annex II.

b/ See para. 134 above. The text of this draft resolution is contained in
the report of the Board on the first part of its fourteenth session, Official
Records of the General Assembly, Twenty-ninth Session, Supplement No. 15
(A/9615/Rev.1), annex II.

c/ Now Libyan Arab Jamahiriya.

d/ See para. 242 above. The text of this draft resolution is contained in
Proceedings of the United Nations Conference on Trade and Development, Fifth
Session, vol. I - Report and Annexes (United Nations publication, Sales
No. E.79.II.D.14), annex I, D.

ANNEX III

Considerations concerning the provisional agenda
for the sixth session of the Conference

Submitted by the USSR on behalf of
the States members of Group D a/

1. The delegations of the socialist countries, members of Group D, regard the forthcoming sixth session of the Conference as a major landmark on the way towards the attainment of the objective of restructuring international economic relations on a just and equal basis. They consider it important to provide for such planning and organization of the work of the sixth session of UNCTAD as will ensure that urgent trade and development problems, as well as those of the activities of UNCTAD itself, are examined and resolved in full compliance with the principle of universality, that is, taking account of the interests of all countries, in particular the developing countries.

2. The delegations of the socialist countries, members of Group D, agree that the agenda for the sixth session of UNCTAD should be selective. At the same time, representation of the interests of all member countries should be guaranteed, especially in connexion with problems reflecting the crisis character of present international relations.

3. In the light of the above, and bearing in mind the considerations of the Secretary-General of UNCTAD as set forth in document TD/B/L.614 and in his statement at the present session of the Board, b/ and also taking into account the discussion on agenda item 6 of the session, the delegations of the socialist countries, members of Group D, consider that the provisional agenda for the sixth session of UNCTAD should include the following main elements:

1. General debate.
2. Evaluation of the world trade and economic situation with a view to identifying the principal factors which determine the present crisis situation and determining the possible contribution of UNCTAD towards solving the problems relating thereto, including the question of the connexion between disarmament and the restructuring of international economic relations.
3. Trade policy issues and changes in the world trade system, including questions of protectionist measures and structural adjustment and evaluation of the consequences of the multilateral trade negotiations within the framework of GATT and of the results of the ministerial session of GATT.
4. Questions of international monetary and financial relations.
5. World commodity trade policies: new initiatives within the framework of the Integrated Programme for Commodities.
6. Measures to promote the activities of UNCTAD in the field of:
 - (a) Trade relations among countries having different economic and social systems and all trade flows resulting therefrom;

- (b) Economic co-operation among developing countries;
- (c) Least developed countries;
- (d) Land-locked and island developing countries;
- (e) Technology;
- (f) Shipping.

Notes

- a/ Originally circulated as TD/B(XXIV)/CRP.4 (see para. 399 above).
- b/ TD/B(XXIV)/Misc.5 and Corr.1.

ANNEX IV

Financial implications of the actions of the Board a/

1. In connexion with its consideration of the calendar of meetings for the remainder of 1982 and the tentative schedule for 1983 and also with its further consideration of the provisional agenda for the sixth session of the conference, it is understood that the Board would wish to resume its twenty-fourth session for a period of three days.
2. Assuming four conference rooms would be required, with servicing in six languages by two teams of interpreters, that the resumed session would require a total of 50 pages of documentation and that there would be two plenary meetings for which summary records have to be provided, the financial implications of a resumed three-day session of the Board are estimated to be \$102,000.

Notes

a/ Substance of TD/B(XXIV)/CRP.3/Add.1. For a statement by the UNCTAD secretariat concerning the tenth session of the Committee on Invisibles and Financing related to Trade, see para. 629 above.

ANNEX V

Provisional agenda for the twenty-fifth session of the Board a/

1. Procedural matters:
 - (a) Election of officers;
 - (b) Adoption of the agenda and organization of the work of the session;
 - (c) Adoption of the report on credentials;
 - (d) Provisional agenda for the twenty-sixth regular session and for the twelfth special session of the Board and organization of the work of the sessions.
2. Specific matters arising from the resolutions, recommendations and other decisions adopted by the Conference at its fifth session requiring attention or action by the Board at its twenty-fifth session.
3. Evaluation of the world trade and economic situation and consideration of issues, policies and appropriate measures to facilitate structural changes in the international economy, taking into account the interrelationships of problems in the areas of trade, development, money and finance with a view to attaining the establishment of a new international economic order and bearing in mind the further evolution that may be needed in the rules and principles governing international economic relations.
4. Interdependence of problems of trade, development finance and the international monetary system.
5. Implementation of Trade and Development Board resolution 165 (S-IX) on the debt and development problems of developing countries.
6. Sixth session of the United Nations Conference on Trade and Development: objectives, preparatory work, provisional agenda and other organization.
7. Trade relations among countries having different economic and social systems and all trade flows resulting therefrom.
8. Arrangements for the review and appraisal of the implementation of the International Development Strategy for the Third United Nations Development Decade.
9. Matters requiring action by the Board arising from or related to reports and activities of its subsidiary and other bodies.
10. Other matters in the field of trade and development:
 - (a) Export promotion: report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its fifteenth session;

- (b) Progressive development of the law of international trade: fifteenth annual report of the United Nations Commission on International Trade Law;
 - (c) Trade and economic aspects of disarmament;
 - (d) Progress in the implementation of specific action related to the particular needs and problems of land-locked developing countries.
11. Institutional, organizational, administrative and related matters:
- (a) Treatment of new States members of UNCTAD for purposes of elections;
 - (b) Announcement of any changes in the membership of the Board and election to membership of main Committees;
 - (c) Membership of the Working Party on the Medium-term Plan and the Programme Budget for 1983;
 - (d) Designation of intergovernmental bodies for the purposes of rule 78 of the rules of procedure;
 - (e) designation and classification of non-governmental organizations for the purposes of rule 79 of the rules of procedure;
 - (f) Review of the calendar of meetings;
 - (g) Financial implications of the actions of the Board;
 - () ...

[To be completed as necessary]

12. Other business.

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

Notes

a/ As approved by the Board at its 581st meeting, on 19 March 1982 (see para. 635 above).

ANNEX VI

Membership of the main committees of the Board a/

Committee on Commodities

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

United Republic of Cameroon
United Republic of Tanzania
United States of America
Upper Volta
Uruguay

Venezuela
Viet Nam
Yemen
Yugoslavia
Zaire

Committee on Manufactures

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

Committee on Invisibles and Financing related to Trade

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

Committee on Shipping

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

Committee on Transfer of Technology

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

Committee on Economic Co-operation among Developing Countries

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

Part Two

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

**Held at the Palais des Nations, Geneva,
from 11 to 18 May 1982**

INTRODUCTION

1. At its 580th meeting, on 19 March 1982, the Board decided to hold the second part of its twenty-fourth session for the purpose of finalizing the provisional agenda for the sixth session of the Conference (see part one above, 414). At its resumed 581st meeting, on 24 March 1982, the Board took note of the interest expressed by the Government of Yugoslavia in providing host facilities at Belgrade for the sixth session of the Conference and expressed the hope that, on the basis of the information to be provided by the secretariat, the Government of Yugoslavia would be in a position to inform the Board at its resumed session of its decision in this matter, so that the Board would be able to make a recommendation on the venue of the sixth session of the Conference (see part one, above, annex 1, Other actions, para. 4).

2. The second part of the twenty-fourth session was held from 11 to 18 May 1982. The present report contains an account of the proceedings (for a fuller account, see the summary records of the 582nd to 584th meetings (TD/B/SR.582-584)).

CHAPTER I

SIXTH SESSION OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT: PREPARATIONS FOR THE SESSION

(Agenda item 6)

A. Place, date and duration

3. At the 583rd meeting, on 12 May 1982, the representative of Yugoslavia stated that, bearing in mind the unanimous desire expressed by all regional groups at the first part of the twenty-fourth session (see part one above, para. 361 *et seq.*), his Government had decided to offer Belgrade as the site for the sixth session of UNCTAD. His Government had undertaken an examination, with the Secretary-General of UNCTAD and members of the secretariat, of the organizational and technical details required for the proper functioning of the Conference and, in particular, the relatively high costs involved for the host country. The key factor in the positive decision taken by the Yugoslav Government had been its view that the sixth session of UNCTAD would be a major world political and economic event which would help to resolve serious world economic problems, provide an opportunity to promote and ameliorate international economic relations and, especially, help to solve the problems of the developing countries. His country, in making the offer, was continuing the policy line established by the late President Tito. He expressed appreciation to all groups for the confidence shown towards his country in this matter.

4. The spokesman for the Latin American Group welcomed the offer of Yugoslavia to act as host to the sixth session of UNCTAD and was sure that Belgrade would provide an excellent site for the Conference. He added that his Group expected to provide the venue for the seventh session of UNCTAD in accordance with the agreement reached on this matter at the twenty-third session of the Board in its resolution 245 (XXIII).

5. The spokesman for the African Group expressed the appreciation of his Group for the magnanimous decision of Yugoslavia to offer to act as host to the sixth session of UNCTAD. That offer demonstrated the dedication of the Yugoslav Government to the policies of its great leader, the late President Tito, and was in line with the principles of non-alignment with which Yugoslavia was so closely associated.

6. The spokesman for the Asian Group expressed the appreciation of his group for the offer of Yugoslavia to act as host to the sixth session of UNCTAD and was confident that Yugoslavia, with the well-known hospitality of its people, was an excellent country for holding a successful Conference.

7. The spokesman for the Group of 77, associating himself with the views expressed above, thanked the Government and people of Yugoslavia for their warm and generous gesture in providing a venue for the sixth session of UNCTAD.

8. The spokesman for Group B expressed the deep appreciation of her group for the generous invitation of the Government of Yugoslavia to hold the sixth session of UNCTAD in the heroic and beautiful city of Belgrade. Her group was indeed most thankful that the Board was now in a position to make its recommendation to the General Assembly regarding the venue of the Conference.

9. The spokesman for Group D expressed the thanks of his group to the fraternal country of Yugoslavia for its offer to act as host to UNCTAD at Belgrade. His group's approach to the question of venues for sessions of the Conference was based on General Assembly resolution 1995 (XIX), which established UNCTAD as a universal body and thus the right of each and every country, representing the interests of one of the principal groups of UNCTAD members, to host a regular session of the Conference. In this connexion, he referred to the statement made by the spokesman for the Latin American Group (see para. 4 above) and to the decision of principle taken by the Board regarding the venue for the seventh session of UNCTAD.

10. The representative of China expressed his appreciation for the invitation by Yugoslavia to hold the sixth session of UNCTAD, which would be a major political and economic event, and hoped the Conference, held in the beautiful city of Belgrade, would be a successful one.

11. The Secretary-General of UNCTAD associated himself with the statements of appreciation made by all the regional groups and said that he was personally most gratified at the decision of the Yugoslav Government to offer Belgrade as a venue for the sixth session of UNCTAD. In recent weeks there had been close and regular contacts between members of the UNCTAD secretariat and senior Yugoslav officials, and he now looked forward to an intensification of this co-operation in the period leading up to the Conference itself.

12. At the 584th meeting, on 18 May 1982, the President introduced a draft resolution (TD/B/L.625) on the sixth session of the Conference.

Action by the Board

13. At the same meeting, the Board adopted the draft resolution submitted by the President (for the text, see annex I below, resolution 253 (XXIV)).

14. The Board noted that the exact dates for the Conference would be the subject of consultations with the Yugoslav authorities, that the Secretary-General of UNCTAD would inform the co-ordinators of regional groups as soon as suggested dates were known, and that a proposal in that connexion would be submitted to the Board at its twenty-fifth session.

15. The President expressed the appreciation of the members of the Board to the Government of Yugoslavia for its generous offer to host the sixth session of the Conference in Belgrade.

16. The spokesman for Group D reiterated his Group's satisfaction at the choice of Belgrade as the venue for the sixth session of UNCTAD. A city with a heroic past, Belgrade had a first-class reputation as a centre for major international conferences. His group's approach to the choice of venue proceeded from the organization's universal nature, from which it followed that all countries and groups had equal rights in that respect.

B. Provisional agenda and organization of work

17. The Board had before it a note by the Secretary-General of UNCTAD (TD/B/L.623), to which was annexed his suggested text of the provisional agenda for the sixth session of the Conference.

18. Introducing the draft provisional agenda, the Secretary-General of UNCTAD said that a good and well-structured agenda was one of the first steps towards an effective and successful Conference. An early decision on the agenda would greatly facilitate the task of preparing for the Conference, on the part of both Governments and the secretariat.

19. He had been encouraged by the response from all groups to the ideas that he had put forward at the first part of the session on the provisional agenda. He had since continued informal consultations with the regional groups, and those consultations, too, had helped in proposing a possible agenda. In his view, the themes of the Conference should reflect the gravity of the world economic situation and the veritable crisis prevailing in the area of trade and development. They should encompass both the over-all situation and also some of its most critical aspects, and the Conference should deal with their implications in both the immediate and the longer term.

20. The Conference should seek not only to have an authoritative and well-prepared discussion of the problems facing the international community, but also to bring about agreements and understandings which would enable the international community to shape better responses to them. While it was not to be expected that the Conference would find solutions to all the complex problems facing the international community, if at least it succeeded in setting out approaches, guidelines and orientations and in deciding on constructive responses to those problems it would have made a valuable contribution and provided a framework for future actions.

21. In addition to the principal themes he had suggested for the agenda, there was need for the Conference to focus on a number of specific issues which had long been under consideration in UNCTAD. He believed that in some cases the prime need was to give a political impetus and to reinforce the efforts being made to achieve progress. He had therefore suggested that those issues be grouped together under a single agenda item, so that consideration could be given to the action needed, while at the same time allowing the principal issues before the Conference to be given due attention.

22. In his note and the annexed draft provisional agenda he had preferred to follow a relatively broad, rather than a relatively narrow, formulation of the issues because he felt that at the present stage, before the development of the preparatory work and while the dialogue with Governments was under way, it would be advantageous to have a broad approach allowing for flexibility and avoiding rigidities. His proposals also reflected the idea that a Conference on trade and development must give special emphasis to the development aspects of problems. At the same time, the problems must be seen as being of universal concern, since constructive responses and solutions would benefit not only developing countries but also the international community as a whole. He had also endeavored to provide, either implicitly or explicitly, for the various items to be considered in respect of both their short-term and their long-term aspects.

23. At this stage he had not made any proposals on the organization of the Conference, but there was a close link between the agenda and the way in which the Conference was organized. In that respect there appeared to him to be three important requirements. First, it should be possible for heads of delegations, and other leading participants, to have a broad perspective of the unfolding of issues at the Conference in respect of all the major themes. Second, the very close

interrelationship between the various issues had to be kept in mind when dealing with particular aspects. Third, there should be provision for a concentration of expertise on the in-depth treatment of specific issues.

24. He recalled that, at the fifth session of UNCTAD, there had been a feeling that the organizational structure of the Conference had sometimes resulted in a fragmentation of issues. It might therefore be desirable for the Board to give thought as to how the sixth session might be better organized. That question required a good deal of reflection, and the twenty-fifth session of the Board might therefore provide an appropriate opportunity for the Board to take decisions.

25. In conclusion, he wished to stress once more the major opportunity presented by the sixth session of the Conference for the international community to deal with important issues confronting it, and he hoped that the opportunity would be firmly grasped. The current world economic crisis was of unprecedented dimensions and the economic development was at a virtual standstill in many areas of the world, giving rise to a number of acute and critical problems. But there was still a gap and a disproportion between the intensity of the lament about these problems and the frailty of the approaches taken for dealing with them. He believed that the problems called for bold and constructive action and he hoped that this would be the attitude and approach that Governments and the secretariat, and all those concerned with preparations for the Conference, would bring to that event. At the first part of the current session he had sensed a good spirit in regard to the preparatory phase of the Conference, which he hoped would continue right up to the Conference itself, constituting a good augury for its success.

26. At the 584th meeting, on 18 May 1982, the President announced that, in addition to the text submitted by Group D (see part one above, annex III) at the first part of the twenty-fourth session and that recently submitted by the Secretary-General of UNCTAD (TD/B/L.623), the Group of 77 and Group B had submitted proposals (TD/B (XXIV)/CRP.5 and TD/B (XXIV)/CRP.6, respectively) to the Contact Group of the President. All these proposals, together with an informal text by the President, had been examined in the Contact Group as well as during informal contacts between the President and the regional co-ordinators.

27. As it had not proved possible to reach agreement on a combined text, and following further informal consultations with the co-ordinators, he suggested that the Board decide to adjourn and convene again on 28 June 1982 for the sole purpose of adopting a provisional agenda for the sixth session of the Conference and to pursue consultations on the issue in the meantime. He further suggested that the texts submitted by the regional groups and the Secretary-General of UNCTAD be annexed to the Board's report.

28. At the 584th meeting, on 18 May 1982, the spokesman for the African Group stated that the members of his group had come to the current session full of goodwill, prompted by the sincere desire to engage in a dialogue and real negotiations with other delegations and regional groups. This implied the acceptance of concessions by all sides in order to arrive at an agreed provisional agenda for the sixth session of UNCTAD.

29. As to extending the current session, his group thought the lesser evil would have been to continue discussions and close the session on 28 May 1982. In the circumstances, the African Group wished to reiterate its willingness to continue the current negotiations until a provisional agenda had been agreed.

30. One reason for this was that, from the point of view of substance, the differences on the texts submitted by the respective groups had been progressively narrowed and could have been overcome if further negotiations had been possible. As to procedure, the African Group wished to avoid the adoption of a provisional agenda on the eve of the Conference for reasons of organization, finance and efficiency. It was better to agree now rather than wait until later. No group could give a valid excuse for delaying a decision on the matter, particularly as the agenda was provisional and thus subject to amendment until its final adoption by the Conference itself in Belgrade.

31. His group could support the convening of a third part of the twenty-fourth session on 28 June 1982, but wished to stress that the delay should not be used to further complicate already complex matters. He called on the group which had encountered the difficulties which had necessitated the delay to refrain from submitting new proposals which might not be acceptable to all groups. The date of 28 June should be the deadline for reaching an agreement on the provisional agenda for the Conference.

32. The spokesman for the Latin American Group expressed regret at the failure to reach agreement on a draft agenda for the sixth session of UNCTAD. She agreed with the African Group that differences could have been overcome if further negotiations had been possible at the present stage. However, this had not been possible, due to the difficulties encountered within Group B.

33. Her group agreed to the convening of a third part of the twenty-fourth session on 28 June 1982 to conclude work on the provisional agenda. That date should be the final deadline for the submission and adoption of the provisional agenda in order to allow the secretariat and the groups themselves to carry out the preparatory work for the Conference. She emphasized her group's willingness to reach a consensus on a provisional agenda at the earliest possible date.

34. The spokesman for the Asian Group said that a feeling of great concern prevailed within his group, which wanted to continue negotiations at the current session until the adoption of an agreed text. It nevertheless agreed to the convening of a third part of the twenty-fourth session on 28 June on condition that this was to be the final deadline for reaching agreement on a provisional agenda. He thought this could be done through consultations in the interim.

35. The spokesman for the Group of 77 said that the clear and firm views expressed by the regional groups for the spokesmen faithfully reflected the position of the Group of 77. His group would return to the resumed session in June with continued zeal and dedication, as it was committed to the achievement of an agreed agenda by that date.

36. The spokesman for Group D expressed serious concern that negotiations on the preparation of the agenda for the sixth session of UNCTAD had reached a deadlock.

37. From the very outset of the preparations for the next session, the countries of Group D had displayed initiative, a constructive approach and flexibility and, as early as March 1982, had been the first group to submit detailed proposals for the agenda.

38. Group D had received with interest the proposals by the Group of 77 and by Group B, although the letter had been circulated late. To its great regret, all

the efforts to ensure progress in the negotiations had proved vain because of the position adopted by one regional group. Lacking the political will that the present session of the Board might adopt a provisional agenda, this group had used various methods to block agreement and, in the last two days, to all intents and purposes had refused to conduct negotiations, invoking the lack of an appropriate mandate. If the logic of this group's behaviour were to be followed, the agenda for the sixth session of UNCTAD could not be agreed earlier than in the autumn of 1982, which would do serious harm to the whole process of preparations for the Conference.

39. Group D consented to the procedure suggested by the President with great regret and solely on the understanding that all regional groups would engage in the consultations in possession of a negotiating mandate and with the readiness for the necessary compromises.

40. The spokesman for Group B expressed regret at the procedures adopted during the current session and the constraints encountered by her group. She also expressed her particular appreciation for the efforts of the Secretary-General of UNCTAD in the presentation of a draft agenda for the sixth session of UNCTAD and the consultations held with regional groups. He had helped them structure their own texts around the same broad headings, namely, trade, commodity issues and financial and monetary matters related to trade and development. She thought there was broad agreement on the structure of the draft agenda. However, her group had certain problems with the ideas of the President and, on the basis of its own document, had indicated what these problems were.

41. She welcomed the decision to set in motion a consultation process at Geneva to bring the detailed positions of the regional groups closer together. On 28 June 1982, at the third part of the session, the Board should immediately enter into the detailed negotiation required to finalize the provisional agenda.

42. On documentation, the Board should invite the Secretary-General of UNCTAD to continue and, where necessary, begin preparation of the necessary studies for the main agenda items and for the agreed special or specific issues so that these studies could be circulated in good time before the Conference, as was the intention of the Secretary-General of UNCTAD.

43. The representative of China expressed appreciation for the efforts of the President in guiding discussions and regretted the failure to reach an agreed provisional agenda. China agreed to the holding of a third part of the twenty-fourth session on 28 June 1982 to conclude work on the provisional agenda. He hoped that informal consultations would resume at an early date.

Action by the Board

44. At the 584th meeting, on 18 May 1982, the Board decided to annex to its report the draft provisional agenda submitted by the Secretary-General of UNCTAD (TD/B/L.623), and the proposals regarding the provisional agenda submitted by Trinidad and Tobago on behalf of the States members of the Group of 77 (TD/B(XXIV)/CRP.5), by the Netherlands on behalf of the States members of Group B (TD/B(XXIV)/CRP.6) and, at the first part of the twenty-fourth session, by the Union of Soviet Socialist Republics on behalf of the States members of Group D (see part one above, annex III). It further decided, having first taken note of the

financial implications thereof (for the statement of financial implications, see annex III.A below) to adjourn and to hold a third part of the session on 28 June 1982 and that in the meantime, consultations between the President and regional group co-ordinators should continue so that on 28 June 1982 the Board could consider and adopt a final text of the provisional agenda for the sixth session of UNCTAD (see annex I below, decision 254 (XXIV), and Other decisions, (a) and (b)).

CHAPTER II

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

(Agenda item 2)

Conference resolution 127 (V) on economic co-operation among developing countries

45. At the first part of its twenty-fourth session, the Board considered a report entitled "The role of UNCTAD in support of economic co-operation among developing countries" (TD/B/892), submitted by Mr. Hassan Ali Dabbagh, President at its twenty-third session, concerning the consultations he had undertaken at the Board's request with a view to arriving at a generally acceptable solution to the problems underlying the activities within UNCTAD on economic co-operation among developing countries.

46. At its 582nd meeting, on 11 May 1982, Mr. Dabbagh introduced his second report on this subject (TD/B/905), which he had submitted as a result of his further consultations undertaken pursuant to the decision of the Board at the first part of the session (see part one above, annex I, Other decisions, (d)).

47. Expressing his appreciation to the President of the Board and for the co-operation he had received from all with whom he had consulted, he stated that although differences had been narrowed down, he was not able to report that they had been completely eliminated. He drew attention to the suggestions he had made in the final paragraph of his report as incorporating solutions to the problems underlying the activities of ECDC within UNCTAD, stressing that he had made them in a personal capacity and that they committed no one.

48. The spokesman for Group B said that her group appreciated the further efforts made by the former President but that it had still had certain difficulties. Since the report had only just become available, more time was needed for its consideration.

49. It was agreed that the matter should be pursued in informal consultations.

50. At the 584th meeting, on 18 May 1982, the President announced that significant progress had been made in the informal consultations, especially with regard to certain of the suggestions in the reports by Mr. Dabbagh. However, complete agreement had not yet been achieved and he understood that it was the unanimous view that Mr. Dabbagh should pursue his consultations.

51. The representative of the Philippines formally proposed that consideration of the item be continued at the twenty-fifth session.

52. The representative of Kuwait observed that time had not permitted sufficient study of his reports and it would therefore be preferable to pursue the matter at the twenty-fifth session, on condition that the intervening period would be devoted not to further consultations but rather to a study of those reports. He warned

against the pursuit of consultations, which could be detrimental to the work of the Board, first because they could be represented as a device to avoid taking a decision and second because their continuance could well result in the Board's finding itself in the same position at the twenty-fifth session as it was at the current session. He thought that the study of his reports should take the form of informal contacts to resolve certain outstanding matters.

53. The spokesman for Group B said that his group could agree to continue consideration of the item at the twenty-fifth session of the Board. He said that progress had been made and, although problems remained, Group B remained open to consider all proposals, especially thoughts and ideas in the reports of the former President, Mr. Dabbagh.

Action by the Board

54. At the same meeting, the Board agreed to continue consideration of the subject at its twenty-fifth session, thus allowing time for further study of the reports submitted by Mr. Dabbagh in documents TD/B/892 and TD/B/905, and for informal contacts between delegations and Mr. Dabbagh on outstanding matters (see annex I below, Other decisions, (d)).

CHAPTER III

INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS

(Agenda items 1, 10, 11 and 12)

A. Opening of the second part of the twenty-fourth session

55. The second part of the twenty-fourth session of the Trade and Development Board was opened on 11 May 1982 by the President of the Board, Mr. G. Martínez (Argentina).

B. Membership and attendance 1/

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

Algeria	Ghana
Argentina	Greece
Australia	Guatemala
Austria	Hungary
Bangladesh	India
Belgium	Indonesia
Benin	Iran
Bolivia	Iraq
Brazil	Ireland
Bulgaria	Israel
Burma	Italy
Burundi	Ivory Coast
Byelorussian Soviet Socialist Republic	Jamaica
Canada	Japan
Chile	Jordan
China	Kenya
Colombia	Kuwait
Costa Rica	Lebanon
Cuba	Libyan Arab Jamahiriya
Cyprus	Luxembourg
Czechoslovakia	Madagascar
Democratic People's Republic of Korea	Malaysia
Democratic Yemen	Malta
Denmark	Mexico
Dominican Republic	Mongolia
Ecuador	Morocco
Egypt	Netherlands
El Salvador	New Zealand
Ethiopia	Nicaragua
Finland	Nigeria
France	Norway
Gabon	Oman
German Democratic Republic	Pakistan
Germany, Federal Republic of	Panama
	Peru
	Philippines

Poland
Portugal
Qatar
Republic of Korea
Romania
Saudi Arabia
Senegal
Singapore
Somalia
Spain
Sri Lanka
Sudan
Sweden
Switzerland
Syrian Arab Republic
Thailand
Trinidad and Tobago
Tunisia

Turkey
Ukrainian Soviet
Socialist Republic
Union of Soviet
Socialist Republics
United Arab Emirates
United Kingdom of Great Britain
and Northern Ireland
United Republic of Cameroon
United Republic of Tanzania
United States of America
Uruguay
Venezuela
Viet Nam
Yemen
Yugoslavia
Zaire

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

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

59. The following specialized agencies were represented at the session:

Food and Agriculture Organization of the United Nations
World Bank
International Monetary Fund
International Maritime Organization
World Intellectual Property Organization

The International Atomic Energy Agency and the General Agreement on Tariffs and Trade were also represented at the session.

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

Commonwealth Secretariat
European Economic Community
League of Arab States
Organisation for Economic Co-operation and Development
Organization of African Unity
Permanent Secretariat of the General Treaty on Central American Economic
Integration

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

General category:

Christian Democratic World Union
Friends World Committee for Consultation (Quakers)
International Bar Association
International Chamber of Commerce
International Christian Union of Business Executives
International Law Association
Women's International League for Peace and Freedom
World Federation of Trade Unions

62. The Palestine Liberation Organization participated pursuant to General Assembly resolution 3237 (XXIX). The Pan Africanist Congress of Azania participated pursuant to General Assembly resolution 3280 (XXIX).

C. Question of holding a session of the Board at ministerial level before the sixth session of the Conference

(Agenda item 1 (d))

63. At the 584th meeting, on 18 May 1982, the President said that, as the venue and approximate date of the sixth session of UNCTAD had been established (see paras. 13 and 14 above and annex I below, resolution 253 (XXIV)) and the question of a ministerial session prior to it had not been raised, the Board might wish to postpone consideration of it.

Action by the Board

64. At the same meeting, the Board decided to postpone consideration of the question of holding a session of the Board at ministerial level before the sixth session of the Conference (see annex I below, Other decisions (c)).

D. Review of the calendar of meetings

(Agenda item 10 (g))

65. Under this item the Board had before it a note by the UNCTAD secretariat (TD/B/L.624) relating to the recommendations of the recently concluded session of the Intergovernmental Preparatory Group on Conditions for Registration of Ships.

66. At the 584th meeting, on 18 May 1982, the representative of the Libyan Arab Jamahiriya, speaking in his capacity as Chairman of the Intergovernmental Preparatory Group on Conditions for Registration of Ships, recalled that the recommendations of the Group, which had been the subject of a consensus resolution (TD/B/904, annex I), contained two elements which could not be dissociated one from

the other, namely, the recommendation that there should be a second session of the Group in November 1982 and the recommendation that the Board recommend to the General Assembly that it make provision for the convening, in 1983, of a plenipotentiary conference on the conditions of registration of vessels. He believed that the Board should decide, at the present stage, first, to convene a second session of the Intergovernmental Preparatory Group in November, and secondly, to consider at its twenty-fifth session the matter of its recommendation to the General Assembly for a plenipotentiary conference.

67. The representative of Panama said that her country was strongly opposed to the idea of recommending that there should be a plenipotentiary conference, in 1983, on the conditions of registration of vessels because this question had not been studied in sufficient detail in UNCTAD and hence a Conference about this matter was unnecessary.

68. The spokesman for Group B observed that the resolution adopted by the Intergovernmental Preparatory Group had indeed been a consensus resolution and that Group B had joined in that consensus. However, the question of the Board's recommendation to the General Assembly regarding the convening of a plenipotentiary conference was a procedural matter, which the Board should take up at its twenty-fifth session.

Action by the Board

69. At the same meeting the Board agreed, having taken note of the financial implications thereof (for the statement of financial implications, see annex III, B below), to include in the calendar of meetings a second session of the Intergovernmental Preparatory Group on Conditions for Registration of Ships, to be scheduled from 8 to 26 November 1982. The Board also agreed that, in order to accommodate this session, the ninth session of the Working Group on International Shipping Legislation should be rescheduled and held in early 1983, the dates to be determined at a later stage (see annex I below, decision 254 (XXIV)).

70. The Board further decided to take action at its twenty-fifth session on the recommendation to the General Assembly concerning the convening, in 1983, of a plenipotentiary conference on the conditions for registration of vessels.

E. Financial implications of the actions of the Board

(Agenda item 10 (h))

71. In connexion with the decisions taken by the Board under items 6 and 10 (g), the UNCTAD secretariat submitted statements of the financial implications of the actions proposed (for the statements of financial implications, see annex III below).

F. Other business: announcements relating to the Common Fund for Commodities

(Agenda item 11)

72. At the 584th meeting of the Board, on 18 May 1982, the representative of Argentina said that his delegation had great satisfaction in formally announcing

that his Government had decided to sign the Agreement Establishing the Common Fund for Commodities. The determination, dedication and sense of responsibility with which his country had dealt from the very beginning with a matter of such importance to the interests of the developing countries were universally recognized. In the preparatory bodies, throughout the lengthy negotiating process and in the present Commission, his delegation had regarded it as its duty to extend its unstinting collaboration with a view to achieving a suitable instrument for stimulating and promoting North-South relations, in keeping with the fundamental principles of the new international economic order which his delegation hoped to see definitively established in the 1980s. A constant feature of his Government's political action had been the search in the economic sphere for broad and secure channels of international co-operation, on the understanding that the time of confrontation between developed and developing nations was a thing of the past. It had therefore been deeply dismayed by the attitude of some developed, self-styled "free-economy" countries which, in flagrant violation of explicit international rules and of the Charter of Economic Rights and Duties of States, had taken extremely serious economic measures against his country to force it to renounce its sovereign claim to a territory which incontrovertibly belonged to it. He had no wish to enter into a discussion of the matter, although his country had never failed to stand up for its beliefs, whatever the political weight or ideological position of its adversaries. He merely wished to point to the clear contrast between his Government's dedication to international co-operation in fundamental economic areas, such as the Agreement Establishing the Common Fund, and the arrogance of those countries which, shielded by their vast resources, had taken economic sanctions which, although directed at his Government, directly affected 30 million Argentinians, in an attempt to defend a colonial enclave that was politically and morally meaningless in the late twentieth century.

73. He stressed that his sole purpose in raising the question was to draw attention to the dangers of economic aggression and the imposition of commercial and financial sanctions as an instrument of political coercion. They were a veritable affront to international co-operation and could be a very serious precedent which would deeply affect the North-South dialogue and the capacity of those countries which, lacking the same power to take economic reprisals, could find themselves subject to the imperialist and colonialist attitudes of those who were strong in might but not in right.

74. Finally, he quoted from article 32 of the Charter of Economic Rights and Duties of States (General Assembly resolution 3281 (XXIX)), which made provision for the very situation now afflicting his country and people, to the effect that "No State may use or encourage the use of economic, political or any other type of measures to coerce another State in order to obtain from it the subordination of the exercise of its sovereign rights" and expressed the wish that the Common Fund might enter into operation with the consensus of a large majority of States representing the legitimate interests of the entire international community.

75. At the same meeting, the representative of Ecuador announced that, on 4 May 1982 in New York, her Government had ratified the Agreement Establishing the Common Fund for Commodities. That ratification was a further act by Ecuador in the promotion and support of UNCTAD activities, particularly those related to the Integrated Programme for Commodities.

76. The representative of Belgium, speaking on behalf of the States members of the European Economic Community, observed that the Argentinian representative had

raised matters that were not an appropriate subject of discussion in the present forum. The 10 States members of the Community had taken certain measures in the light of the situation dealt with in Security Council resolution 502 (1982). Those measures had been taken with a view to promoting the implementation of that resolution in its entirety and to ensuring a peaceful and negotiated solution of the problem. All States members of the Community supported the efforts of the Secretary-General of the United Nations in that connexion.

77. The representative of the United States of America regretted that the issue of the situation in the South Atlantic had been raised; to address it now would be to politicize the present forum and, furthermore, would not help the search for a settlement to the dispute on which negotiations were currently proceeding in other quarters.

78. The representative of Argentina stated that it had not been the intention of his delegation to raise political issues and for that very reason he had simply drawn attention to the profound contradiction in the economic sphere between the attitude of international co-operation, which was that of Argentina, and the attitude of certain developed countries. The mention of the Security Council resolution, however, was to politicize the present form. He would not enter into details because that resolution absolutely did not authorize anyone to take economic measures. Such measures were no help in the search for a peaceful solution and, instead, had contributed to the loss at sea of 400 young Argentinian men. Consequently, the Republic of Argentina saw it as a necessary duty, regardless of the forum, to refer to the use of economic pressure as a means of exerting political pressure. UNCTAD, as a trade and development forum, could not remain indifferent to a problem which affected the development of a people by neutralizing its capacity to engage in trade.

79. The representative of Canada welcomed Argentina's decision to sign the Agreement Establishing the Common Fund and expressed the hope that other developing countries would follow suit so that the Fund could become operational in the very near future. The Canadian delegation felt that it would be inappropriate to discuss the other aspects of the statement by the Argentinian representative; Canada's position had been made known in forums appropriate for that political issue.

80. The representative of Australia echoed the statement by the representative of Canada.

81. The spokesman for Group D said that the countries of his group had consistently opposed the use of economic sanctions as a means of exerting political pressure and a policy of diktat. Group D considered that sanctions implemented otherwise than on the basis of a United Nations decision were a flagrant violation of basic standards of international law and were a factor tending towards the disorganization of international trade.

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

(Agenda item 12)

82. At its 584th meeting, on 18 May 1982, the Board adopted the draft report on the second part of its twenty-fourth session (TD/B/L.626) and authorized the Rapporteur to complete the final version as appropriate.

B. Adjournment of the session

83. At the 584th meeting, on 18 May 1982, the President declared adjourned the twenty-fourth session of the Trade and Development Board, which would resume on 28 June 1982 to complete consideration of agenda item 6 (Sixth session of the United Nations Conference on Trade and Development: preparations for the session).

Notes

1/ For the list of participants see TD/B/INF.116. The membership of the Board at the second part of the twenty-fourth session was identical to that at the first part of the session (see part one above, para. 598).

ANNEX I

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

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

RESOLUTION

253 (XXIV). Sixth session of the United Nations Conference on Trade and Development: place, date and duration

The Trade and Development Board,

Taking note of General Assembly resolution 34/196 of 19 December 1979, in which the General Assembly requested the Trade and Development Board to recommend the place, date and duration of the sixth session of the United Nations Conference on Trade and Development,

Recalling its decision 237 (XXIII) of 8 October 1981 by which it endorsed the decision taken by the Latin American countries to hold the seventh session of the Conference in one of those countries, on the understanding that the final decision on the venue in Latin America would be taken at the right time and in the right place, noting with interest the desire of Cuba to act at host to the seventh session of the Conference, and recalling its resolution 245 (XXIII) of 5 November 1981,

Taking note of General Assembly resolution 36/142 of 16 December 1981,

Having heard the statement made at its 574th meeting, on 11 March 1982, by the Minister of State of Gabon for Trade, Industrial Development and Promotion of Small- and Medium-sized Enterprises, and appreciating fully the difficulties for the Government of Gabon to host the sixth session of the Conference,

Noting the statement made by the representative of Yugoslavia at its 583rd meeting, on 12 May 1982, conveying the invitation of his Government to hold the sixth session of the Conference at Belgrade,

Bearing in mind General Assembly resolution 31/140 of 17 December 1976 on the pattern of conferences,

1. Expresses its deep appreciation and gratitude to the Government of Yugoslavia for its generous offer to host the sixth session of the Conference;
2. Recommends to the General Assembly that it convene the sixth session of the Conference at Belgrade, Yugoslavia, in May/June 1983, to be preceded by a two-day meeting of senior officials;
3. Reaffirms that the sixth session of the Conference should have a selective agenda, supported by concise, action-oriented documents, and should be so organized as to ensure the attendance of ministers and other high-level policy makers and to permit all delegations to contribute effectively to its decision-making process;
4. Requests the Secretary-General of UNCTAD to make all the necessary arrangements for the Conference;

5. Reaffirms its decision to hold a one-week special session of the Board in conjunction with the twenty-sixth regular session, in March 1983, to consider substantive proposals for action by the Conference at its sixth session and to advance negotiations on them;

6. Requests the Secretary-General of UNCTAD, in accordance with General Assembly resolution 36/142, to inform the General Assembly at its thirty-seventh session of the state of preparedness for the sixth session of the Conference.

584th meeting
18 May 1982

DECISION

254 (XXIV). Review of the calendar of meetings

The Trade and Development Board

Decides to make the following adjustments to the calendar of meetings for the remainder of 1982 and the tentative schedule for 1983 as approved in its decision 251 (XXIV) of 19 March 1982:

<u>Meeting</u>	<u>Dates</u>
Trade and Development Board, third part of the twenty-fourth session	28 June 1982
Intergovernmental Preparatory Group on Conditions for Registration of Ships, second session	8-26 November 1982 (not previously included in the calendar)
Working Group on International Shipping Legislation, ninth session	(early in 1983, dates to be determined)

584th meeting
18 May 1982

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

- (a) Draft proposals on the provisional agenda for the sixth session of the Conference considered by the Board at the second part of its twenty-fourth session a/

At its 584th meeting, on 18 May 1982, the Board decided to annex to its report the draft provisional agenda for the sixth session of the Conference submitted by the Secretary-General of UNCTAD, b/ the proposals submitted during the second part of its twenty-fourth session by Trinidad and Tobago on behalf of the States members of the Group of 77, c/ by the Netherlands on behalf of the States members of

Group B d/ and, at the first part of its twenty-fourth session, by the Union of Soviet Socialist Republics on behalf of the Statesmembers of Group D. e/

The Board further decided that, in the interval between the second and third parts of its twenty-fourth session, consultations of the President on the provisional agenda should continue so as to enable the Board, on 28 June 1982, to consider and adopt a final text of the provisional agenda for the sixth session of the Conference.

(b) Convening of a third part of the twenty-fourth session of the Board f/

At its 584th meeting, on 18 May 1982, the Board decided to convene a third part of its twenty-fourth session on 28 June 1982 for the purpose of considering and adopting the provisional agenda for the sixth session of the Conference.

(c) Question of holding a session of the Board at ministerial level before the sixth session of the Conference g/

At its 584th meeting, on 18 May 1982, the Board decided to postpone consideration of the question of holding a session of the Board at ministerial level before the sixth session of the Conference.

(d) Economic co-operation among developing countries h/

At its 584th meeting, on 18 May 1982, the Board decided, since no agreed proposal for a generally acceptable solutions to the problems underlying the activities within UNCTAD on economic co-operation among developing countries had been submitted to it, to continue consideration of this subject at its twenty-fifth session and thus allow further time for study of the reports i/ submitted by Mr. Hassan Ali Debbagh, former President of the Board, and also for informal contacts between delegations and Mr. Dabbagh on outstanding matters.

Other action taken by the Board

1. At its 584th meeting, on 18 May 1982, the Board noted that the exact dates for the sixth session of the Conference would be the subject of consultations with the Government of Yugoslavia, that the Secretary-General of UNCTAD would inform the co-ordinators of regional groups as soon as suggested dates were known, and that a proposal concerning the exact dates for the sixth session would be submitted to the Board during its twenty-fifth session. j/

2. Also at its 584th meeting, the Board decided to take action at its twenty-fifth session on the recommendation of the Intergovernmental Preparatory Group on Conditions for Registration of Ships concerning provision by the General Assembly for the convening in 1983 of a plenipotentiary conference on the conditions of registration of vessels (para. 3 of resolution 1 (I) adopted by the Intergovernmental Preparatory Group). k/

Notes

a/ See the report of the Board on the second part of its twenty-fourth session (hereinafter referred to as "Report (part two)") (Official Records of the General Assembly, Thirty-seventh Session, Supplement No. 15 (A/37/15), vol. I, part two), para. 44 and annex II.

b/ TD/B/L.623 (reproduced in Report (part two), annex II, A).

c/ See Report (part two), annex II, B.

d/ Ibid., annex II, C.

e/ See Report (part one), annex III.

f/ See Report (part two), para. 44.

g/ Ibid., para. 64.

h/ Ibid., para. 54.

i/ TD/B/892 and TD/B/905 (reproduced in Official Records of the Trade and Development Board, Twenty-fourth Session, Annexes, agenda item 2).

j/ See Report (part two), para. 14.

k/ See TD/B/904-TD/B/AC.34/4, annex I; see also Report (part two), para. 70.

ANNEX II

Draft proposals on the provisional agenda for the sixth session of the Conference considered by the Board at the second part of its twenty-fourth session*

A. Provisional agenda for the sixth session of the Conference

Note by the Secretary-General of UNCTAD**

1. The draft provisional agenda for the sixth session of the United Nations Conference on Trade and Development (appended hereto) is submitted for the consideration of the Trade and Development Board at its resumed twenty-fourth session. An effort has been made to keep the agenda relatively brief and to avoid rigidities in formulation. In relation to subjects other than the four suggested major themes of the Conference, I feel that the inclusion of a separate item dealing with such issues remains the most appropriate and feasible method.
2. In drafting the proposed provisional agenda I have greatly benefited from the discussion in the board and also from the consultations I have had with representatives of the regional groups. I hope that the draft adequately reflects the broad consensus on the themes and the structure of the Conference agenda.
3. Related to the agenda is the question of the organizational structure of the Conference. I believe that this is an issue on which the Board could take a decision at its twenty-fifth session in September 1982.

* Annexed by decision of the Board at its 584th meeting (see para. 44 above).

** Originally circulated as TD/B/L.623.

Appendix

Draft provisional agenda for the sixth session of the Conference

1. Opening of the Conference.
2. Election of the President.
3. Constitution of sessional bodies.
4. Election of Vice-Presidents and the Rapporteur.
5. Credentials of representatives to the Conference:
 - (a) Appointment of the Credentials Committee;
 - (b) Report of the Credentials Committee.
6. Adoption of the agenda.
7. General debate.
8. The world economic situation and development: approaches to the current crisis and perspectives for the 1980s.
9. Issues in the area of international trade: protectionism, structural adjustment and policies to expand trade and promote development.
10. Issues in the area of international finance and money: policies to expand resource flows, facilitate balance-of-payments adjustment and promote trade and development.
11. Issues in the area of commodities: new initiatives to implement the Integrated Programme for Commodities and promote commodity trade and development.
12. Other special issues: International co-operation in respect of:
 - (a) Technology;
 - (b) Shipping;
 - (c) Least developed countries;
 - (d) Land-locked and island developing countries;
 - (e) Trade relations between countries having different economic and social systems and all trade flows resulting therefrom;
 - (f) Economic co-operation among developing countries.
13. Other business.
14. Adoption of the report of the Conference to the General Assembly.

B. Draft provisional agenda for the sixth session of the Conference

Proposal submitted by Trinidad and Tobago on behalf of States
members of the Group of 77*

1. Opening of the Conference.
2. Election of the President.
3. Constitution of sessional bodies.
4. Election of Vice-Presidents and the Rapporteur.
5. Credentials of representatives to the Conference:
 - (a) Appointment of the Credentials Committee;
 - (b) Report of the Credentials Committee.
6. Adoption of the agenda.
7. General debate.
8. The world economic situation and development: review and appraisal of the world economic situation and, in particular, the development prospects of developing countries and policy measures for joint action required for structural changes leading to the establishment of the new international economic order.
9. Commodity issues:
 - (a) Policies to improve the terms of trade and to contribute to the trade and development of developing countries;
 - (b) Review of the implementation of the Integrated Programme for Commodities and further follow-up action required;
 - (c) Measures relating to compensatory financing and development and improvement of marketing, processing, transportation and distribution.
10. International trade issues in goods and services: principles and rules of the international trading system, protectionism, structural adjustment and policies for expansion of trade and development, particularly of developing countries.
11. Monetary and financial issues: interrelationship with trade and development of developing countries, including policies to expand the net flow of real resources, facilitate balance-of-payments adjustments and the evolution of the system.

* Originally circulated as TD/B (XXIV)/CRP.5.

12. Progress in the implementation of the Substantial New Programme of Action for the Least Developed Countries.
13. International co-operation in the areas of:
 - (a) Technology;
 - (b) Shipping;
 - (c) Land-locked and island developing countries;
 - (d) Trade relations between countries having different economic and social systems and all trade flows resulting therefrom;
 - (e) Economic co-operation among developing countries;
 - (f) Assistance to national liberation movements recognized by United Nations and intergovernmental organizations.
14. Other business.
15. Adoption of the report of the Conference to the General Assembly.

C. Draft provisional agenda for the sixth session of the Conference

Proposal submitted by the Netherlands on behalf of States
members of Group B*

1. Opening of the Conference.
2. Election of the President.
3. Constitution of sessional bodies.
4. Election of Vice-Presidents and the Rapporteur.
5. Credentials of representatives to the Conference:
 - (a) Appointment of the Credentials Committee;
 - (b) Report of the Credentials Committee.
6. Adoption of the agenda.
7. General debate: the world economic situation, approaches to economic growth and development and perspectives for the 1980s.

* Originally circulated as TD/B/(XXIV)/CRP.6.

8. Issues in the area of international trade: policies to expand trade and promote development, including those relating to protectionism and structural adjustment, and access to markets.
9. Financial and monetary issues related to trade and development: policies to promote the expansion of resources, to facilitate adjustment, and to encourage investment.
10. Issues in the area of commodities: policies to promote commodity trade and development, including the Integrated Programme for Commodities.
11. Other special issues relating to UNCTAD's activities:
 - (a) Technology;
 - (b) Shipping;
 - (c) Least developed countries;
 - (d) Land-locked and island developing countries;
 - (e) Trade relations between countries having different economic and social systems and all trade flows resulting therefrom;
 - (f) Economic co-operation among developing countries.
 - (g) Institutional issues.
12. Other business.
13. Adoption of the report of the Conference to the General Assembly.

D. Considerations concerning the provisional agenda for the sixth session of the Conference

Submitted by the USSR on behalf of the States members
of Group D*

1. The delegations of the socialist countries, members of Group D, regard the forthcoming sixth session of the Conference as a major landmark on the way towards the attainment of the objective of restructuring international economic relations on a just and equal basis. They consider it important to provide for such planning and organization of the work of the sixth session of UNCTAD as will ensure that urgent trade and development problems, as well as those of the activities of UNCTAD itself, are examined and resolved in full compliance with the principle of universality, that is, taking account of the interests of all countries, in particular the developing countries.

* Originally circulated as TD/B (XXIV)/CRP.4 (see part one above, para. 399, and annex III).

2. The delegations of the socialist countries, members of Group D, agree that the agenda for the sixth session of UNCTAD should be selective. At the same time, representation of the interests of all member countries should be guaranteed, especially in connexion with problems reflecting the crisis character of present international relations.

3. In the light of the above, and bearing in mind the considerations of the Secretary-General of UNCTAD as set forth in document TD/B/L.614 and in his statement at the present session of the Board (TD/B (XXIV)/Misc.3 and Corr.1), and also taking into account the discussion on agenda item 6 of the session, the delegations of the socialist countries, members of Group D, consider that the provisional agenda for the sixth session of UNCTAD should include the following main elements:

1. General debate.
2. Evaluation of the world trade and economic situation with a view to identifying the principal factors which determine the present crisis situation and determining the possible contribution of UNCTAD towards solving the problems relating thereto, including the question of the connexion between disarmament and the restructuring of international economic relations.
3. Trade policy issues and changes in the world trade system, including questions of protectionist measures and structural adjustment and evaluation of the consequences of the multilateral trade negotiations within the framework of GATT and of the results of the ministerial session of GATT.
4. Questions of international monetary and financial relations.
5. World Commodity trade policies; new initiatives within the framework of the Integrated Programme for Commodities.
6. Measures to promote the activities of UNCTAD in the field of:
 - (a) Trade relations among countries having different economic and social systems and all trade flows resulting therefrom;
 - (b) Economic co-operation among developing countries;
 - (c) Least developed countries;
 - (d) Land-locked and island developing countries;
 - (e) Technology;
 - (f) Shipping.

ANNEX III

Financial implications of the actions of the Board

A. Convening of a third part of the twenty-fourth session of the Board a/

1. The financial implications for a one-day Board session are estimated at \$35,000 - for direct conference costs at standard rates and with a servicing structure corresponding to that of the present session.

B. Intergovernmental Preparatory Group on Conditions for Registration of Ships b/

2. The Intergovernmental Preparatory Group on Conditions for Registration of Ships in its resolution 1(I) recommended that the Trade and Development Board convene a second session of the Group in November 1982. In order to make provision for a second session of the Group in the calendar of meetings for 1982 it was understood that the ninth session of the Working Group on International Shipping Legislation, presently scheduled for 8 to 26 November 1982 would be postponed to early 1983.

3. On the assumption that a second session of the Intergovernmental Preparatory Group would be convened at Geneva for three weeks, and would require one six-language team of interpreters and an expanded caucus team, four conference rooms and, over-all, 115 pages of documentation, the financial implications are estimated at \$302,000.

Notes

a/ See para. 44 above.

b/ Substance of TD/B/AC.34/L.2/Add.1 (see para. 69 above).

Part Three

REPORT OF THE TRADE AND DEVELOPMENT BOARD ON THE
THIRD PART OF ITS TWENTY-FOURTH SESSION

Held at the Palais des Nations, Geneva,
from 30 June to 2 July 1982

INTRODUCTION

1. At its 584th meeting, on 18 May 1982, the Board decided to convene a third part of its twenty-fourth session on 28 June 1982 and that, in the interval between the second and third parts of its twenty-fourth session, consultations of the President on the provisional agenda should continue so as to enable the Board, on 28 June 1982, to consider and adopt a final text of the provisional agenda for the sixth session of the Congress (see part two above, para. 44, and annex I, Other decisions (a) and (b)).

2. At the same meeting, the Board noted that the exact dates for the sixth session of the Conference would be the subject of consultations with the Government of Yugoslavia, that the Secretary-General of UNCTAD would inform the co-ordinators of regional groups as soon as suggested dates were known and that a proposal concerning the exact dates for the sixth session of the Conference would be submitted to the Board during its twenty-fifth session (see part two above, para. 14, and annex I, Other actions, para. 1; see also para. 44 and annex below, decision 255 (XXIV)).

3. The third part of the twenty-fourth session was held from 30 June to 2 July 1982. 1/ The present report contains an account of the proceedings (for a fuller account, see the summary records of the 585th and 586th meetings, documents TD/B/SR.585 and 586).

CHAPTER I

SIXTH SESSION OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT: PREPARATIONS FOR THE SESSION

(Agenda item 6)

A. Provisional agenda for the sixth session of the Conference

4. Opening the third part of the twenty-fourth session on 30 June 1982, the President stated that he had conducted a series of intensive consultations with regional group co-ordinators during the preceding two weeks with a view to arriving at a draft provisional agenda for the sixth session of the Conference which would command a general consensus. During those discussions he had discerned a new spirit of co-operation such as would permit the formulation of a compromise text. On 28 June 1982, one of the regional groups had decided that it needed additional time and he had felt it proper to allow that group to concert its position, on which it had long been working. It was thus not his intention to present formally the text which he had elaborated with the co-ordinators. He proposed that informal consideration of it should be pursued in the President's Contact Group, with a view to the clarification of its substantive scope and content as opposed to its wording. The text represented an attempt to reflect to the maximum extent the positions of all groups and struck a delicate balance. It was his impression that its real scope should be reflected in the statements of position of delegations.

5. The spokesman for the Group of 77 agreed with the procedure outlined by the President and expressed the hope that agreement on the agenda could be reached in the shortest possible time. His group considered that, against the background of the President's statement, the text that had evolved was a reasonable compromise and one which could be accepted.

6. The representative of China said that the text was a balanced compromise and, as such, generally acceptable to his delegation. He agreed to the procedure suggested by the President as it would allow all delegations to express their positions. He hoped that one of the delegations would express its position very clearly without further delay.

7. The spokesman for Group D stressed that the basic position of his group was that there was a need to conclude the negotiations at the current session. The existing text represented considerable progress towards achieving a mutually acceptable compromise and could be accepted as a basis for work towards final approval of an agenda. His group had certain comments, some of them weighty, and was ready to state them in the Contact Group.

8. The spokesman for Group B agreed to the procedure suggested by the President. She was grateful for the understanding shown in the informal discussions by the co-ordinators of the other regional groups and regretted that she was not yet in a position to give the reaction of her group to the President's text.

9. At the same meeting, the Board agreed to pursue consideration of the matter in an informal contact group.

10. At the 586th meeting, on 2 July 1982, the President said that reaction to the document submitted informally to the Contact Group could be summarized by saying

that the Group of 77, Group D, and China had stated that they were in a position to support that document as the basis for the preparation for the work of the sixth session of UNCTAD. The two groups and China had pointed out that, despite the fact that the document was reasonable and constituted a balanced compromise, it did not fully cover the various issues they would have liked to have seen reflected in it. Group B had not made known its views as a group, but a majority of the States members of that Group had stated that they were in a position to accept the paper although they, too, had statements to make on its contents. All participating delegations had expressed their desire to see the document adopted by consensus. One delegation had stated that it had difficulties and that it was not able to join in the consensus.

11. In these circumstances, he had proposed that the Contact Group conclude its work and that an additional effort be made among the President and the co-ordinators and the one delegation that had had problems which it had indicated in the Contact Group. In a constructive spirit, that delegation had decided to join in the efforts. Unfortunately, he was not now able to announce that there was a full consensus regarding adoption of the document. Bearing in mind the debate in the Contact Group and the wide-ranging support for the text, he had decided to turn that text into an official document of the Board, and it had been circulated in document TD/B/L.630 as a proposed provisional agenda for the sixth session of the Conference submitted by the President. The text reflected an effort on the part of all delegations and all groups participating in its drafting.

12. The spokesman for the Group of 77 said that, as the President's text (TD/B/L.630) was a balanced compromise solution which covered general topics and did not go into detail, the Group of 77 felt that the proposal that a consensus decision should be taken was reasonable and logical. The topics listed in the document had been under consideration for some time and were the subject of discussion within and between the various groups. The best proof of this was that all States that had participated in the work of the Contact Group had supported it with the single exception of one delegation that could not accept it in its present form. As the text was a compromise, everyone naturally felt that it did not cover all points in one way or another. He pointed out that the reopening of debate on it would involve much discussion and the renegotiation of its contents. It was a provisional agenda and his group felt that its acceptance by no means excluded the possibility of considering certain specific details when the definitive text was adopted. The objections to it had not been supported by detailed views and the Group of 77 felt that the time had come for its adoption by consensus.

13. The spokesman for Group D said that his group continued to attach special importance to creating the most favourable conditions possible for the preparation and the holding of the sixth session of UNCTAD. They were convinced that an essential prerequisite for the effectiveness of that session was a timely agreement on and adoption of the provisional agenda. They were prepared in every way to further the achievement of definitive results during this session. On that basis, they had most carefully considered the President's text (TD/B/L.630) and had taken it as a basis for the adoption of a definitive decision. From Group D's standpoint, it was a document that could not be considered ideal. It did contain one essential weakness at least, namely, it did not reflect the proposal submitted by delegations in Group D to the effect that the agenda for the sixth session of UNCTAD should contemplate the consideration of the trade and economic aspects of disarmament. It was widely recognized that the arms race was one of the major impediments to the establishment of a new international economic order.

Consequently, Group D was convinced that the sixth session of UNCTAD could not bypass this problem. However, acting in a spirit of goodwill and in a spirit of compromise, States members of Group D had come to the conclusion that they should be prepared to join with other groups at this session so as to adopt the document by consensus. In that context, they took note of the explanation they had heard during the President's consultations, to the effect that the trade and economic aspects of disarmament would become the subject of consideration in Belgrade. Group D had also taken note of the explanations given by the Secretary-General of UNCTAD to the effect that the problem would be duly reflected in the documentation being prepared by the secretariat and of a similar assurance to the President in the Contact Group.

14. The representative of China said that document TD/B/L.630, which was the result of lengthy consultations, embodied a balance between the various views and was thus neutral and his delegation approved of its adoption. He called on all delegations to join in the consensus and thus create a co-operative atmosphere for the future work.

15. The representative of the United States of America said that his delegation had accepted the basic structure and outline of this document and participated in the consultation process. That process had been understood by his delegation as an attempt by the President to pull together various views of the groups and countries represented in the Board. It was also its general understanding that any results of the consultation process would be perceived as ad hoc and ad referendum in nature until such time as they were presented to the Board. He could not accept it on a consensus basis, on diplomatic instructions from his Government. It was his delegation's belief that the agenda for a conference, even a provisional agenda for a conference of the importance of the sixth session of UNCTAD, should be agreed to on a consensus basis by all members. It regretted that it could not join a consensus. It was its desire to continue to negotiate with other groups and other members of UNCTAD to try to reach a consensus using document TD/B/L.630 as a basis for this continued negotiation. Lacking any expression by other groups of a desire to continue to negotiate, and facing a motion for adoption by consensus, the United States delegation had no choice but to request a roll-call vote on the document under rule 51 of the rules of procedure.

16. The representative of Israel said that his delegation could not agree to the inclusion of subitem 13 (f) in document TD/B/L.630, since it implied assistance to the so-called Palestine Liberation Organization, to which Israel was strongly opposed. This political issue was being dealt with in other appropriate United Nations bodies and did not lie within the competence of UNCTAD. The sixth session of UNCTAD should concentrate on economic issues with the purpose of achieving constructive solutions to the relevant problems referred to in the other items of the proposed agenda. The inclusion of an extraneous political issue would only convert the Conference into a political arena and destroy the concerted efforts of all members and affect adversely the genuine interest of the developing countries. For this reason, if the proposed provisional agenda were put to a vote, his delegation would be compelled to vote against it. It would have preferred to continue the negotiations so as to be able to approve a provisional agenda on a consensus basis.

17. The representative of the Netherlands, speaking on behalf of a sizeable majority of Group B, requested a suspension of the meeting.

18. When the meeting resumed, the President, having consulted the co-ordinators of

the regional groups, appealed to the United States delegation not to insist on its request for a roll-call vote and to accept that the Board's decision, given the majority support commanded by the text, was that the provisional agenda be adopted without a vote.

19. The representative of the United States of America reiterated that a consensus did not exist on the proposed provisional agenda. His delegation's objections were so fundamental that he did not believe it would serve the purposes of UNCTAD or be respectful to the Yugoslav hosts of the Conference to accept the document with a statement of reservation or explanation. His delegation had joined in the President's consultation process, which it had found to be beneficial, and was willing to accept the President's draft proposal as a basis for further negotiations at the twenty-fifth session of the Board. It believed that a conference of the size and importance of the sixth session of UNCTAD could only proceed with an agenda accepted by all members of UNCTAD. Because this consensus did not exist, and due to the importance of the decision, his delegation continued to request that a roll-call vote be taken on the basis of rules 50 and 51 of the rules of procedure. He reiterated his delegation's desire to continue to negotiate but, in the face of the opinion of other groups and delegations, it felt that it had no other option than to call for a vote and formally record its position. The United States delegation would continue to be in consultation with other members of the Board in the hope of reaching a consensus on the actual agenda adopted by the Conference in June 1983. Therefore, it would interpret its negative vote not as a conclusive act but only as one which registered its Government's position at this time during the preparatory process. It still held to the prospect that, when the final agenda for the sixth session of UNCTAD was adopted by the Conference, it would be adopted by consensus.

Action by the Board

20. At the same (586th) meeting, the Board adopted the draft provisional agenda for the sixth session of the Conference as contained in document TD/B/L.630 by a roll-call vote of 89 to 2 2/ (see annex below, decision 256 (XXIV)).

21. The representatives of Cyprus, Pakistan and Saudi Arabia stated that, had their delegations been present during the voting, they would have voted in favour of the provisional agenda in document TD/B/L.630.

Statements made upon the adoption of the provisional agenda

22. The representative of Denmark, speaking on behalf of the European Economic Community and its member States, said that the Community had hoped that it would be possible to adopt the provisional agenda by consensus and had accepted the President's text in a spirit of compromise. He emphasized that this in no way prejudiced or prejudged the substantive position that the Community and its member States had already defined or would be defining on the issues presented, for example, in the Committee on Commodities, on topics such as export earnings stabilization or processing, marketing and distribution, including transportation; in the Board itself, on protectionism and structural adjustment, including trade in goods and services, and in the appropriate United Nations forums in so far as assistance to national liberation movements was concerned. The Community strongly believed that, in the ongoing work of UNCTAD, due regard must be paid to the activities and responsibilities of other multilateral forums, notably the

International Monetary Fund and GATT. He trusted that, bearing in mind all these observations, the secretariat would find in the provisional agenda for the sixth session of UNCTAD sufficient guidance for the early preparation of documentation as the Secretary-General of UNCTAD had proposed. A common perception of the subject-matter to be discussed quite clearly constituted the first step towards the effective preparation and successful outcome of the Conference. In the pursuit of the work of UNCTAD, everything possible must be done to recreate consensus, in particular by working together to achieve the most effective possible preparations of each point and keeping minds open to the consideration of any useful additional ideas that might be put forward and which might command assent. The Community would do everything possible to ensure that the debate at the sixth session of UNCTAD were focused on the important problem areas and that the Conference would be able to take decisions that contributed positively to the international economic co-operation that must characterize the 1980s.

23. The representative of Spain said that the content and scope of the agenda should be limited to the specific competence of UNCTAD, duplication of the specialized work being carried out by other institutions in their respective spheres of competence being avoided. He referred, in particular, to items 9 (c), 10 and 11 of the provisional agenda just adopted. He regretted that item 13 (f) had been rather imprecisely drafted and lent itself to confusion as to the mandate of UNCTAD in the field in question. His Government's position on this matter had always been very clear, as was evident from its favourable vote on Board resolutions 238 (XXIII) and 239 (XXIII) on assistance by UNCTAD to national liberation movements in southern Africa, movements recognized by the Organization of African Unity, and assistance to the Palestine Liberation Organization. His delegation thus considered that it was within the framework of these resolutions that the Conference at its sixth session should consider item 13 (f). Finally, he regretted that it had been impossible to achieve a consensus; his delegation would do all in its power to make a positive contribution to ensuring the successful conclusion of the sixth session of UNCTAD.

24. The representative of Portugal said that his delegation had accepted the compromise proposal in document TD/B/L.630 in the hope that regional groups might do likewise. It deeply regretted that it had not been possible to continue efforts to arrive at a consensus on a matter of such importance. His delegation would certainly have preferred a different text for certain items of the agenda, and it was obvious that its agreement to the compromise did not prejudge positions it had taken in the past or would adopt in the future on the items on the agenda.

25. The representative of Turkey said that, ever since the preparatory work for the sixth session of UNCTAD had started, his delegation had maintained that a decision on the provisional agenda must be taken as soon as possible in order to give a clear mandate to the secretariat to proceed with preparatory work and in order to start certain intergovernmental preparatory work immediately. The success of the Conference depended to a large extent on the quality and the effectiveness of that preparatory work. It had been in that spirit that his delegation had taken part in the various meetings of the Board and other meetings devoted to the same subject. The text submitted as a result was satisfactory, although his delegation would have preferred to see a consensus and continued to hope that consensus would be reached very soon.

26. The representative of Canada said that his delegation favoured the adoption of the text in TD/B/L.630 on the basis that it had been accepted as a compromise by a

large majority of Group B and by other regional groups. It would have preferred to proceed on the basis of full consensus but nevertheless believed it important that the voice of all members of UNCTAD be borne in mind as preparation for the Conference continued. With respect to item 13 (f), he recalled Canada's position on Conference resolution 109 (V), namely, that UNCTAD was not the appropriate forum for consideration of this issue.

27. The representative of the Libyan Arab Jamahiriya, speaking on behalf of the Group of 77, said that the adoption of the provisional agenda was the first step in mobilizing the efforts of member States in the preparation of a successful conference. His delegation had hoped that the compromise in document TD/B/L.630 could be accepted by consensus. One member State had been unable to accept this compromise and asking for a vote and casting a negative vote had made its position clear. He hoped that, having done this, that delegation would contribute effectively and positively to the outcome of the work of the Conference. The Group of 77 was trying to co-operate and exchange views and to negotiate with all member countries and was not excluding any member State, still less an important actor in international economic relations. The Group of 77 believed that the general outlines in the provisional agenda just adopted would be suitable for the negotiations, discussions and exchange of views during the sixth session of UNCTAD. All were aware of the difficulties faced by the industrialized countries - unemployment and inflation were at double-digit figures - and that these difficulties were reflected in the situation in the developing countries. The Group of 77 hoped, through the adoption of the agenda and the negotiations in the Conference, to come to an understanding on the basic problems facing the international economy and on ways and means of overcoming them. It was not interested in talking only about the problems facing the industrialized countries; it also wished to highlight the predicament of the developing countries, particularly the least developed, and believed that the provisional agenda adopted would put negotiation and discussions at the Conference on the right track. The Group of 77 hoped that the adoption of the provisional agenda had put an end to the question of what to do at the Conference and hoped that it would be the signal to start work in preparation for a very successful Conference.

28. The representative of Austria said that his delegation had been able to accept the proposal in document TD/B/L.630 on the basis that the regional groups were prepared to do so and for that reason had voted in favour of it. While the provisional agenda was not to his delegation's complete satisfaction, its contents were a reasonable compromise. He also felt that a decision on the matter had been timely in order to give the secretariat the necessary guidance for further preparations. At the same time, he very much regretted that a decision by consensus had proved impossible, and expressed the hope that further work would lead to a common ground for the Conference.

29. The representative of Japan said that his delegation regretted that it had not been possible to adopt a provisional agenda by consensus. However, it was gratified that the text adopted could now provide sufficient and clear guidance for the early preparation of the secretariat documentation, as well as for governmental preparations. He was also pleased to note that the broad outline and structure of the provisional agenda would enable delegations at the sixth session of UNCTAD to focus on major issues and he believed that serious consideration should be given to the basic approaches to be adopted within UNCTAD, as a forum providing a useful framework for North-South co-operation. His delegation would pursue this question not only in connexion with item 13 (g) of the provisional agenda, on institutional

matters, but also with regard to each of the major issues on the provisional agenda. He was convinced that the sixth session of UNCTAD would provide an appropriate occasion for all member States to reflect upon the achievements of UNCTAD and rethink the basic approaches to be adopted within the organization, so that all would work together to make it a more effective, universally appreciated institution. Finally, he associated his delegation with those who had expressed the view that UNCTAD was not the proper forum to deal with item 13 (f).

30. The representative of Australia said that his delegation had very much hoped that agreement on the agenda could have been reached by consensus and regretted that this had not proved possible. His delegation had voted in favour of the text in document TD/B/L.630. In some instances, it would have preferred different wording. Acceptance of the provisional agenda in no way prejudiced or prejudged Australia's substantive position on the issues, including the competence of other multilateral forums and the questions of compensatory financing and export earnings stabilization schemes. His delegation also wished to recall its position at Manila on Conference resolution 109 (V).

31. The spokesman for Group D said that the delegations of the countries of Group D had voted in favour of the draft provisional agenda in document TD/B/L.630. In so doing, they had based themselves on the firm conviction that it was necessary to put an end to the uncertainty in connexion with the preparatory work for the sixth session of UNCTAD. Their attitude to the draft provisional agenda had been stated at earlier meetings of this session of the Board and they would continue to adhere to the statements they had already made.

32. The representative of China expressed relief that the provisional agenda for the sixth session of UNCTAD had finally been adopted. He observed that one super-Power, in defiance of the will of the majority, had insisted on a roll-call vote, and this had prevented a consensus and had established a regrettable precedent. Frankly speaking, the provisional agenda fell short of his delegation's expectations but, in view of the fact that it embodied a delicate balance and represented the result of compromise and co-operation, it had accepted the text in the interest of the over-all situation, as its adoption at the current session would facilitate the preparatory work.

33. The Chinese delegation wished to state in connexion with item 8, which mentioned issues, policies and measures relevant to the attainment of a new international economic order, that what was meant was the transformation of the old international economic order according to the fundamental principles established in the Declaration and the Programme of Action on the Establishment of a New International Economic Order adopted at the sixth special session of the General Assembly (see Assembly resolutions 3201 (S-VI) and 3202 (S-VI)). His delegation had all along held that UNCTAD should be an important forum for the discussions on and promotion of the new international economic order and should play a pivotal role in the economic and trade development of the world and, particularly, of the developing countries.

34. With regard to institutional matters (item 13 (g)), the Chinese delegation had stated on many occasions during the consultations that the inclusion of institutional matters in the provisional agenda was intended to strengthen rather than weaken the role and status of UNCTAD. The lack of express wording to that effect had to be considered a defect.

35. The representative of the Syrian Arab Republic observed that the adoption of the provisional agenda should make it easier for the secretariat to proceed with the preparatory work. He hoped that the Conference would be fully successful, even though the problems facing society and the international community were considerable. He supported those who had expressed regret that a major Power had opposed the will of the international community as a whole. It was not surprising that Israel should have voted in the same manner. He had, however, been surprised at the attitude of the United States of America, which should be disposed to help the colonized countries. He pointed out that many of the States represented at the current session of the Board had not very long ago been colonies or members of liberation movements which had needed assistance. That assistance had been given to them. Yet, today, representatives had been able to watch on their television sets and, through the mass media, the tragedy that was being enacted in Lebanon by Israeli aggressors. He pointed out that the Board had just adopted a provisional agenda for the sixth session of UNCTAD which, in item 13, included assistance to national liberation movements recognized by regional intergovernmental organizations.

36. He deeply regretted that a consensus on that agenda had not been possible because one country that had objected to it was a super-Power. Who was to help national liberation movements if they were denied assistance in international forums? Consultations he had held revealed that all were in favour of assistance to national liberation movements and, while he did not intend to make a political speech, he pointed out that all agenda items were interrelated.

37. The representative of Israel said that his delegation had voted against the draft provisional agenda for the reasons it had explained earlier. The outrageous statement of the representative of the Syrian Arab Republic bore witness in support of his previous assertion that the inclusion of the political issue would advance the propaganda campaign of that country against Israel and would not serve any purpose at the Conference in Belgrade, which was devoted to the development of developing countries.

38. The President expressed regret that it had not been possible to adopt the provisional agenda by consensus. He nevertheless felt encouraged by the statement of the delegation which, for the reasons which it had indicated, had been unable to join the consensus and had asked for a roll-call vote. As that delegation had emphatically stated its desire to continue co-operation in all stages that would elapse before the sixth session convened, he was optimistic that, if that co-operation took the form which the representative in question had described, the objectives of the sixth session of UNCTAD would be met without doubt.

39. The Secretary-General of UNCTAD, observing that several statements had focused on the importance of the preparatory process for the sixth session of UNCTAD, said that the secretariat would do its utmost to discharge its responsibilities in making adequate and constructive preparations for the Conference. Nevertheless, a good preparatory process should involve not only the secretariat but also all member Governments. With that thought in mind, he had taken every opportunity to express to Governments the importance of their involvement at an early stage in these preparations. The secretariat would benefit greatly through an exchange of views with Governments, as would the latter from an exchange of views among themselves.

40. He drew attention to the twenty-fifth session of the Board, which would

convene in September 1982, at a time when work on the preparation of documents would be in full swing. It would be extremely beneficial if, at that session, there could be a good attendance of very senior officials from capitals who would be involved in the decision-making process for the Conference. The twenty-fifth session had on its provisional agenda the question of interdependence and the economic situation. The Trade and Development Report 1982 would be issued before the Board convened and the session would afford a very good opportunity for a well-informed, authoritative discussion of some of the wider issues that were implicit in this agenda item. There were also important issues of trade which should be taken up at the twenty-fifth session on which the secretariat would be submitting a document.

B. Date and duration of the sixth session of the Conference

41. At its 585th meeting, on 30 June 1982, the President drew attention to a note by the UNCTAD secretariat on the date and duration of the sixth session of the Conference (TD/B/L.629). In that note, the Secretary-General of UNCTAD, on the basis of consultations with the Yugoslav authorities, suggested to the Board that the pre-Conference meeting of Senior Officials should be held on 2 and 3 June 1983 and the sixth session of the Conference from 6 to 30 June 1983.

42. The representative of the Philippines observed that the dates suggested meant that, for the first time, the Conference would overlap with the annual conference of the International Labour Organisation and wondered why it had not been possible to avoid that contingency.

43. The representative of the Secretary-General of UNCTAD pointed out that the host Government had had prior commitments with regard to the use of the conference facilities in Belgrade and the dates suggested had been selected with that in mind, as well as on the basis of the availability of conference staff within the United Nations system. The secretariat's flexibility was not great and, in any case, to have brought the dates forward would have meant overlapping with the annual assembly of the World Health Organization. He further noted that preparations for the sixth session of UNCTAD were at least one year behind schedule.

Action by the Board

44. At the same (585th) meeting, the Board decided to recommend to the General Assembly at its thirty-seventh session that the sixth session of the Conference be held in Belgrade, Yugoslavia, from 6 to 30 June 1983, preceded by a pre-Conference meeting of Senior Officials in Belgrade on 2 and 3 June 1983 (see annex below, decision 255 (XXIV)).

45. The representative of Saudi Arabia observed that the dates of the Conference would coincide in part with the Ramadan period in 1983. That might create difficulties with regard to the active participation of members of the 43 delegations from Islamic States that would be present in Belgrade. At the same time, he appreciated the position of the Government of the host country and that of the UNCTAD secretariat.

CHAPTER II

INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS

(Agenda items 10 and 12)

A. Opening of the third part of the twenty-fourth session

46. The third part of the twenty-fourth session of the Trade and Development Board was opened on 30 June 1982 by the President of the Board, Mr. G. Martínez (Argentina).

B. Membership and attendance 3/

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

Algeria	German Democratic Republic	Nigeria
Argentina	Germany, Federal Republic of	Norway
Australia	Ghana	Oman
Austria	Greece	Pakistan
Bangladesh	Guatemala	Panama
Belgium	Honduras	Peru
Benin	Hungary	Philippines
Bolivia	India	Poland
Brazil	Indonesia	Portugal
Bulgaria	Iran	Qatar
Burma	Iraq	Republic of Korea
Burundi	Ireland	Romania
Byelorussian Soviet Socialist Republic	Israel	Saudi Arabia
Canada	Italy	Senegal
Chile	Ivory Coast	Singapore
China	Jamaica	Somalia
Colombia	Japan	Spain
Cuba	Jordan	Sri Lanka
Cyprus	Kenya	Sudan
Czechoslovakia	Kuwait	Sweden
Democratic People's Republic of Korea	Libyan Arab Jamahiriya	Switzerland
Democratic Yemen	Luxembourg	Syrian Arab Republic
Denmark	Madagascar	Thailand
Dominican Republic	Malaysia	Trinidad and Tobago
Ecuador	Malta	Tunisia
Egypt	Mexico	Turkey
El Salvador	Morocco	Ukrainian Soviet Socialist Republic
Ethiopia	Netherlands	Union of Soviet Socialist Republics
Finland	New Zealand	United Arab Emirates
France	Nicaragua	United Kingdom of Great Britain and Northern Ireland
Gabon		

United Republic of
Cameroon
United Republic of
Tanzania

United States of
America
Uruguay
Venezuela

Viet Nam
Yemen
Yugoslavia
Zaire

48. The following other States members of UNCTAD, not members of the Board, were represented at the session: Holy See, Nepal.

49. The Economic Commission for Latin America, the Economic Commission for Africa, the United Nations Industrial Development Organization, and the United Nations Development Programme were represented at the session.

50. The following specialized agencies were represented at the session:

Food and Agriculture Organization of the United Nations
United Nations Educational, Scientific and Cultural Organization
World Bank
International Monetary Fund
International Maritime Organization
World Intellectual Property Organization

The International Atomic Energy Agency and the General Agreement on Tariffs and Trade were also represented at the session.

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

African, Caribbean and Pacific Group of States
Association of Iron Ore Exporting Countries
European Economic Community
League of Arab States
Organisation for Economic Co-operation and Development
Permanent Secretariat of the General Treaty on
Central American Economic Integration
World Tourism Organization

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

General category:

Christian Democratic World Union
International Chamber of Commerce
International Christian Union of Business Executives
World Peace Council

53. The Palestine Liberation Organization participated pursuant to General Assembly resolution 3237 (XXIX). The Pan Africanist Congress of Azania participated pursuant to General Assembly resolution 3280 (XXIX).

C. Review of the calendar of meetings

(Agenda item 10 (g))

54. At the 586th meeting, on 2 July 1982, the representative of the Secretary-General of UNCTAD introduced a note by the secretariat (TD/B/L.628 and Add.1)

containing a number of suggested changes to the calendar of meetings for 1982. He observed, in this connexion, that, in the case of two meetings on tea, the dates suggested would result in two brief periods when there would be three UNCTAD meetings in progress, but noted that, owing to the timing of a major meeting on tea elsewhere, the secretariat had, in this instance, been unable to find alternative dates that were convenient and would not contravene the provisions of paragraph 24 (a) of Board resolution 231 (XXII).

Action by the Board

55. At the same meeting, the Board approved the calendar changes suggested in document TD/B/L.628 and Add.1 (see annex below, decision 257 (XXIV)).

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

(Agenda item 12)

56. At its 586th meeting, on 2 July 1982, the Board authorized the Rapporteur to complete the report on the third part of its twenty-fourth session as appropriate.

E. Closure of the session

57. At the 586th meeting, on 2 July 1982, the President declared closed the twenty-fourth session of the Trade and Development Board.

Notes

1/ The opening of the third part of the twenty-fourth session was postponed until 30 June 1982 in order to allow further time for regional group consultations on the draft provisional agenda of the sixth session of the Conference (see para. 4 below).

2/ The result of the vote was as follows:

In favour: Algeria, Argentina, Australia, Austria, Bangladesh, Belgium, Benin, Bolivia, Brazil, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Canada, Chile, China, Colombia, Cuba, Czechoslovakia, Democratic People's Republic of Korea, Democratic Yemen, Denmark, Dominican Republic, Ecuador, Egypt, El Salvador, Ethiopia, Finland, France, Gabon, German Democratic Republic, Germany, Federal Republic of, Ghana, Greece, Hungary, India, Indonesia, Iran, Iraq, Ireland, Italy, Ivory Coast, Jamaica, Japan, Kenya, Kuwait, Libyan Arab Jamahiriya, Luxembourg, Madagascar, Malaysia, Malta, Mexico, Morocco, Netherlands, New Zealand, Nicaragua, Nigeria, Norway, Panama, Peru, Philippines, Poland, Portugal, Republic of Korea, Romania, Senegal, Singapore, Somalia, Spain, Sri Lanka, Sudan, Sweden, Switzerland, Syrian Arab Republic, Thailand, Trinidad and Tobago, Tunisia, Turkey,

Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland, United Republic of Cameroon, United Republic of Tanzania, Uruguay, Venezuela, Viet Nam, Yugoslavia, Zaire.

Against: Israel, United States of America.

3/ For the list of participants, see TD/B/INF.117. The membership of the Board at the third part of the twenty-fourth session was identical to that at the first part of the session (see part one above, para. 598).

ANNEX

Decisions adopted by the Trade and Development Board at the
third part of its twenty-fourth session

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255 (XXIV). Date and duration of the sixth session of the United Nations Conference on Trade and Development

The Trade and Development Board

Decides to recommend to the General Assembly at its thirty-seventh session that the sixth session of the United Nations Conference on Trade and Development be held at Belgrade, Yugoslavia, from 6 to 30 June 1983, preceded by a pre-Conference meeting of senior officials at Belgrade on 2 and 3 June 1983.

585th meeting
30 June 1982

256 (XXIV). Provisional agenda for the sixth session of the United Nations Conference on Trade and Development

The Trade and Development Board

Adopts the provisional agenda for the sixth session of the United Nations Conference on Trade and Development annexed hereto.

586th meeting
2 July 1982

Annex

PROVISIONAL AGENDA FOR THE SIXTH SESSION OF THE UNITED NATIONS
CONFERENCE ON TRADE AND DEVELOPMENT

1. Opening of the Conference
2. Election of the President
3. Constitution of sessional bodies
4. Election of Vice-Presidents and the Rapporteur
5. Credentials of representatives to the Conference:
 - (a) Appointment of the Credentials Committee
 - (b) Report of the Credentials Committee
6. Adoption of the agenda
7. General debate

8. The world economic situation with special emphasis on development: approaches to the current world economic crisis and perspectives for the 1980s, including issues, policies and measures relevant to the attainment of a new international economic order
9. Commodity issues. Review of the situation in the area of commodity trade. The implementation of the Integrated Programme for Commodities in the area of:
 - (a) Stabilizing and strengthening commodity markets;
 - (b) Marketing, processing and distribution including transportation; and,
 - (c) Compensatory financing of shortfalls in export earnings;with a view to the adoption of policies to promote commodity trade and development
10. Issues in the area of international trade in goods and services: protectionism and structural adjustment; examination of the impact of the principles, policies and practices in international trade relations taking into account recent developments including those in other international forums; policies to expand trade and promote development, particularly that of the developing countries
11. Financial and monetary issues: developments in monetary and financial questions in relation to trade and development, in particular of the developing countries; policies to promote the expansion of all flows of public and private resources and in particular to increase the net flow and improve the conditions of the transfer of resources to developing countries and to facilitate balance-of-payments adjustments
12. Progress in the implementation of the Substantial New Programme of Action for the Least Developed Countries
13. UNCTAD activities in the fields of:
 - (a) Technology;
 - (b) Shipping;
 - (c) Land-locked and island developing countries;
 - (d) Trade relations among countries having different economic and social systems and all trade flows resulting therefrom;
 - (e) Economic co-operation among developing countries;
 - (f) Assistance to national liberation movements recognized by regional intergovernmental organizations;
 - (g) Institutional matters
14. Other business
15. Adoption of the report of the Conference to the General Assembly

257 (XXIV). Review of the calendar of meetings

The Trade and Development Board

Decides to make the following adjustments to the calendar of meetings for the remainder of 1982:

<u>Meeting</u>	<u>Dates</u>
Interim Committee of the United Nations Conference on an International Code of Conduct on the Transfer of Technology, third session	20 September-1 October 1982
United Nations Conference on Jute and Jute Products, 1981, third part	20 September-1 October 1982
Meeting of Governmental Experts on the Transfer, Application and Development of Technology in the Energy Sector	4-12 October 1982 (previously scheduled for 30 September-8 October 1982)
Meeting of Experts from Tea-exporting Countries on Minimum Export Standards	11-15 October 1982
Intergovernmental Group of Experts on Tea, fourth session	18-22 October 1982
Meeting on Tropical Timber	29 November-3 December 1982
Fourth Preparatory Meeting on Tea	6-10 December 1982

586th meeting
2 July 1982

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