

**UNITED NATIONS CONFERENCE
ON TRADE AND DEVELOPMENT**

**REPORT
OF THE TRADE
AND DEVELOPMENT BOARD**

**Volume II
(Twenty-fifth session)**

GENERAL ASSEMBLY
OFFICIAL RECORDS: THIRTY-SEVENTH SESSION
SUPPLEMENT No.15 (A/37/15)



UNITED NATIONS

New York, 1983

NOTE

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

Symbols

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

First session of the United Nations Conference on Trade and Development	E/CONF.46/-
Subsequent sessions of the United Nations Conference on Trade and Development	TD/-
Trade and Development Board	TD/B/-
Committee on Commodities	TD/B/C.1/-
Committee on Manufactures	TD/B/C.2/-
Committee on Invisibles and Financing related to Trade ..	TD/B/C.3/-
Committee on Shipping	TD/B/C.4/-
Special Committee on Preferences	TD/B/C.5/-
Committee on Transfer of Technology	TD/B/C.6/-
Committee on Economic Co-operation among Developing Countries	TD/B/C.7/-
Working Party on the Medium-term Plan and the Programme Budget	TD/B/WP/-
Intergovernmental Group of Experts on Restrictive Business Practices	TD/B/RBP/-
Information series of the Board	TD/B/INF.-
Non-governmental organization series of the Board	TD/B/NGO/-

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
<u>Twenty-fifth session</u>		
1	Resolutions and decisions	TD/B/931
2	Report of the Committee on Commodities on its first special session	TD/B/894
3	Report of the Special Committee on Preferences on its eleventh session	TD/B/906
4	Report of the Committee on Shipping on its tenth session	TD/B/921
5	Report of the Working Party on the Medium-term Plan and the Programme Budget on its sixth session	TD/B/928

[21 March 1983]

CONTENTS

	<u>Paragraphs</u>	<u>Page</u>
ABBREVIATIONS		x
PREPATORY NOTE		xii
<u>Chapter</u>		
<u>Part One: Report of the Trade and Development Board on the first</u> <u>part of its twenty-fifth session, held at the Palais</u> <u>des Nations, Geneva, from 6 to 23 September 1982</u>		
INTRODUCTION	1 - 34	2
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)	35 - 302	8
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-FIFTH SESSION (agenda item 2)	303 - 451	65
A. Conference resolution 109 (V): Assistance to national liberation movements recognized by regional intergovernmental organizations	304 - 341	65
B. Conference resolution 127 (V): Economic co-operation among developing countries	342 - 354	73
C. Conference decision 132 (V): Multilateral trade negotiations	355 - 448	76
D. Matters remitted to the permanent machinery of UNCTAD: draft resolution entitled "Transnational corporations and international commodity trade" (TD/L.195)	449 - 451	94

CONTENTS (continued)

<u>Chapter</u>	<u>Paragraphs</u>	<u>Page</u>
III. IMPLEMENTATION OF TRADE AND DEVELOPMENT BOARD RESOLUTION 165 (S-IX) ON THE DEBT AND DEVELOPMENT PROBLEMS OF DEVELOPING COUNTRIES (agenda item 5)	452 - 464	95
IV. MATTERS REQUIRING ACTION BY THE BOARD ARISING FROM OR RELATED TO REPORTS AND ACTIVITIES OF ITS SUBSIDIARY AND OTHER BODIES (agenda item 9)	465 - 601	98
A. Commodity trade	466 - 493	98
B. Manufactures and semi-manufactures	494 - 544	102
1. Report of the Special Committee on Preferences on its eleventh session	494 - 531	102
2. Report of the <u>Ad Hoc</u> UNCTAD/UNIDO Group of Experts on Trade and Trade-related Aspects of Industrial Collaboration Arrangements on its second session	532 - 544	111
C. Shipping	545 - 564	113
1. Report of the Intergovernmental Preparatory Group on Conditions for Registration of Ships ..	545 - 555	113
2. Report of the Committee on Shipping on its tenth session	556 - 564	114
D. Development aspects of the reverse transfer of technology	565 - 580	116
E. Medium-term plan and programme budget	581 - 601	119
V. SIXTH SESSION OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT: OBJECTIVES, PREPARATORY WORK, PROVISIONAL AGENDA AND ORGANIZATION (agenda item 6)	602 - 608	124
VI. TRADE RELATIONS AMONG COUNTRIES HAVING DIFFERENT ECONOMIC AND SOCIAL SYSTEMS AND ALL TRADE FLOWS RESULTING THEREFROM (agenda item 7)	609 - 696	126
VII. OTHER MATTERS IN THE FIELD OF TRADE AND DEVELOPMENT (agenda item 10)	697 - 737	143
A. Export promotion: Report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its fifteenth session	697 - 712	143
B. Progressive development of the law of international trade: fifteenth annual report of the United Nations Commission on International Trade Law	713 - 714	145

CONTENTS (continued)

<u>Chapter</u>	<u>Paragraphs</u>	<u>Page</u>
C. Trade and economic aspects of disarmament	715 - 726	146
D. Progress in the implementation of specific action related to the particular needs and problems of land-locked developing countries	727 - 737	149
VIII. INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS (agenda items 1, 8, 11, 12 and 13)	738 - 792	152
A. Opening of the session	738	152
B. Election of officers	739	152
C. Announcement of any changes in the membership of the Board	740	152
D. Adoption of the agenda and organization of the work of the session	741 - 755	153
E. Adoption of the report on credentials	756	156
F. Membership and attendance	757 - 763	156
G. Membership of the Working Party on the Medium- term Plan and the Programme Budget for 1983	764	158
H. Designation of intergovernmental bodies for the purposes of rule 78 of the rules of procedure	765	159
I. Designation and classification of non-governmental organizations for the purposes of rule 79 of the rules of procedure	766 - 768	159
J. Election to membership of main Committees	769	159
K. Arrangements for the review and appraisal of the implementation of the International Development Strategy for the Third United Nations Development Decade	770	160
L. Review of the calendar of meetings	771 - 777	160
M. 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	778 - 780	161
N. General Assembly resolution 36/117 A of 10 December 1981	781 - 789	161
O. Financial implications of the actions of the Board	790	163
P. Adoption of the report of the Board to the General Assembly	791	163
Q. Adjournment of the session	792	163

CONTENTS (continued)

<u>Chapter</u>	<u>Paragraphs</u>	<u>Page</u>
ANNEXES		
I. Resolution and decisions adopted by the Trade and Development Board at the first part of its twenty-fifth session		167
II. Texts remitted for further consideration		180
III. Financial implications of the actions of the Board		182
IV. Provisional agenda for the twenty-sixth session of the Board		183
V. Provisional agenda for the twelfth special session of the Board		185
VI. Membership of the main Committees of the Board		187
 <u>Part Two: Report of the Trade and Development Board on the second part of its twenty-fifth session, held at the Palais des Nations, Geneva, from 19 to 28 October 1982</u>		
INTRODUCTION	1 - 2	194
I. 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: CONFERENCE RESOLUTION 127 (V) ON ECONOMIC CO-OPERATION AMONG DEVELOPING COUNTRIES (agenda item 2)	3 - 96	195
II. INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS (agenda items 1, 11 and 13)	97 - 122	213
A. Opening of the second part of the twenty-fifth session	97	213
B. Announcement of any changes in the membership of the Board	98	213
C. Membership and attendance	99 - 105	213
D. Review of the calendar of meetings	106 - 119	215
1. Working Party of the Medium-term Plan and the Programme Budget	109 - 113	215
2. Other calendar matters	114 - 119	216
E. Financial implications of the actions of the Board .	120	217
F. Adoption of the report of the Board to the General Assembly	121	217
G. Closure of the session	122	217

CONTENTS (continued)

	<u>Page</u>
ANNEXES	
I. Resolution and decisions adopted by the Trade and Development Board at the second part of its twenty-fifth session	219
II. Financial implications of the actions of the Board	230
III. Membership of the Trade and Development Board	231
 <u>Part Three: Supplement to the report of the Trade and Development Board on the second part of its twenty-fifth session</u>	
INTRODUCTION	235
I. TEXTS SUBMITTED AS OFFICIAL DOCUMENTS OF THE SESSION	236
II. OTHER TEXTS	247

ABBREVIATIONS

ANC	African National Congress of South Africa
ASEAN	Association of South-East Asian Nations
CFC	Common Fund for Commodities
CMEA	Council for Mutual Economic Assistance
CSCE	Conference on Security and Co-operation in Europe
DAC	Development Assistance Committee (of OECD)
ECA	Economic Commission for Africa
ECDC	Economic co-operation among developing countries
ECE	Economic Commission for Europe
ECLA	Economic Commission for Latin America
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
GSTP	Global system of trade preferences among developing countries
IDA	International Development Association
ILO	International Labour Organisation
IMF	International Monetary Fund
IMO	International Maritime Organization
IPC	Integrated Programme for Commodities
MFA	Multifibre Agreement
MTN	Multilateral trade negotiations
NATO	North Atlantic Treaty Organization
OAU	Organization of African Unity
ODA	Official development assistance

OECD	Organisation for Economic Co-operation and Development
OPEC	Organization of the Petroleum Exporting Countries
PAC	Pan Africanist Congress of Azania
PLO	Palestine Liberation Organization
SDR	Special drawing rights
SELA	Latin American Economic System
SIPRI	Stockholm International Peace Research Institute
SNPA	Substantial New Programme of Action for the 1980s for the Least Developed Countries
SWAPO	South West Africa People's Organization
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization

PREFATORY 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 28 October 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 28 June to 2 July 1982, 3/ and the first and second parts of the twenty-fifth regular session, held from 6 to 23 September 1982, and from 19 to 28 October 1982. 4/

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

<u>Title</u>	<u>Session</u>	<u>Dates</u>	<u>Report in document</u>
Intergovernmental 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 and sixth sessions	1-5 March 1982 30 August-3 September 1982	TD/B/902 TD/B/928
Intergovernmental Preparatory Group on Conditions for Registration of Ships	First session	13-30 April 1982	TD/B/904
Special Committee on Preferences	Eleventh session	3-11 May 1982	TD/B/906
Committee on Shipping	Tenth session	14-25 June 1982	TD/B/921

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 1963-29 October 1965	30	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

<u>Annual report</u>	<u>Period</u>	<u>General Assembly session</u>	<u>Supplement No.</u>	<u>Document No.</u>
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 and Corr.1

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 the first and second parts of 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/930 and TD/B/934 and Add.1 respectively.

Part One

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

**Held at the Palais des Nations, Geneva,
from 6 to 23 September 1982**

* Originally issued in mimeographed form on 8 November 1982 under the symbol A/37/15 (Vol. II, Part I).

INTRODUCTION

1. The twenty-fifth session of the Trade and Development Board was opened on 6 September 1982 by Mr. G. Martínez (Argentina), the outgoing President. Reviewing the work of the Board at its twenty-fourth session, he noted that the Board had had a comprehensive discussion of the international economic situation and future prospects. One of the most significant results of that session had been the generous offer of Yugoslavia to host the sixth session of the Conference in 1983, and he expressed satisfaction at the nearly unanimous adoption of the provisional agenda for the sixth session of the United Nations Conference on Trade and Development (UNCTAD).

2. Taking the Chair upon his election as President, Mr. F. Blankart (Switzerland) said he first wished to pay tribute to the outgoing President of the Board for the masterly way in which he had guided the Board's work during a particularly sensitive period. Stating that everything the Board did at its current session would have an effect on the sixth session of UNCTAD, he said there were three items on the agenda that warranted particular attention, the most important being consideration of the world trade and development situation and measures to improve it. The discussion of the "Trade and Development Report, 1982" (see footnote 4) would undoubtedly help to bring out its main points and should guide the secretariat in preparing the evaluation of the situation, which it would submit to the Conference.

3. Trade and development seemed at present to be in a most disquieting state, given the sluggishness and imbalances of the world economy, the resultant protectionist measures, structural rigidities, the disturbing increase in unemployment and the misguided use of inflation as a means of combating it, as well as the obstacles, both de facto and de jure, conditioning the developing countries' participation in international trade.

4. It would, however, be wrong not to take account of the remarkable progress made in recent years, the most striking element of which was increasing economic interdependence. The latter was a reciprocal interrelationship of which the logical corollaries were co-operation and solidarity - the sole bases for stable growth and development.

5. The Board's primary task would thus be to consider means whereby the developing countries could derive greater benefit from an expansion of international trade. He noted that the indebtedness of the third world had risen to over \$500 billion. That situation might at best be alleviated through the provision of official development assistance by the industrialized countries. However, a genuine solution could be achieved only through an increase in productivity in the developing countries themselves. It was therefore necessary to promote the qualitative and quantitative adjustment of commodities to market demand and to support the market by curbing excessive price fluctuations and ensuring a fair return to producers. It would also be desirable to admit productive foreign investments, in conditions that were as stable and liberal as possible. That presupposed, inter alia, the existence of a mechanism to guarantee investment risks and respect for intellectual property. Finally, it was necessary for all industrialized countries, whether with centrally-planned or with market economies, to continue to ensure and improve access to their markets by commodities and manufactures from developing countries, while at the same time there should be a gradual liberalization of trade among developing countries and of their trade with

developed countries. There was thus an inescapable need for innovative restructuring, whatever the existing level of industrialization or development, as the only means of achieving the international division of labour that was in the economic and political interests of all.

6. The second item deserving particular attention was that concerned with the preparations for the sixth session of the Conference. He stressed the need to ensure that the Conference was kept to manageable proportions and structured in such a way as to facilitate the achievement of tangible results.

7. Third, members had a responsibility to reach agreement on the modalities for economic co-operation among developing countries (ECDC) in UNCTAD. What was required was an effort to associate the need to respect the principles upon which UNCTAD was based and the solidarity to be maintained vis-à-vis those countries wishing to speed up their development through ECDC.

8. He stressed that everyone had a responsibility with regard to the proceedings of the Board. Every decision taken by vote instead of by consensus impaired the credibility of UNCTAD as a negotiating forum. Public opinion was concerned not with the size of a particular majority but with the soundness of the political base that could be used as a springboard for progress. He appealed to members to display flexibility and to make progress in an atmosphere of constructive equity.

9. In his introductory statement 1/ the Secretary-General of UNCTAD said that, while the Board was convening at a time of crisis and turbulence, there was today a better appreciation of that crisis than had prevailed some months earlier. Some dramatic developments had jolted the international community into a greater awareness of the severity of the problems. The crisis not only affected virtually all countries but also had its impact on the international systems established to help regulate the conduct of international economic relations. Thus it was a crisis for Governments as well as for those systems. The "Trade and Development Report, 1982" had attempted to analyse these developments in depth and should assist the discussion at the Board.

10. He stressed that aspects of the crisis, such as the recession in the developed countries, the accompanying inflationary pressures and rising unemployment, the disruption in international money markets, the escalation of interest rates and the serious developments in the area of external debt, were not the whole story. In country after country, development plans were progressively, sometimes ruthlessly, being curtailed; payments gaps were emerging for which no solutions seemed to be in prospect; enormous strains were imposed on the resources available to service external debt; unemployment was continuing to mount; and in many areas actual famine and starvation already persisted or were threatening.

11. The crisis lent special significance to the sixth session of UNCTAD, which he had been urging Governments to see as a unique opportunity to examine the situation of the international economy and to work out constructive responses. The sixth session of UNCTAD could contribute to the ongoing examination of issues in other international forums by adding to it new dimensions, because UNCTAD was uniquely situated to deal with many of these problems in terms of their wide range and their interrelationships. Consequently, he urged Governments to look to the sixth session of UNCTAD not as a routine four-yearly meeting of one part of the United Nations system but as a world conference on issues in the area of trade and development.

12. He did not feel that the sixth session of UNCTAD would offer the prospect of success if Governments came to it in a defensive frame of mind. If the developed countries saw it only as an occasion on which the developing countries made demands on them, their responses might well be limited, given the difficulties throughout the international economy. If the Conference was to prove successful there had to be one essential premise that would run through the whole approach to the Conference, namely, that the pursuit of solutions in the various areas it dealt with would not only contribute to helping the developing countries but also, and by so doing, would contribute to strengthening and revitalizing the entire world economy.

13. The developing countries were no longer marginal or peripheral elements of the global economy. That was why it was impossible to conceive of a healthy global economy if the developing countries, which constituted a not insignificant part of the world economy, were languishing and in a state of disarray. It could not be said that the world economy was strong or prospering if development was stagnating and if income levels over large parts of the world were being allowed to decline.

14. The corollary was also true, namely, that a revitalization and an acceleration of development would contribute to the better working of the world economy.

15. It followed from the all-embracing character of the crisis that any actions taken to revive activity in any part of the world economy would have beneficial impacts on the other parts. While it was true that developing countries would be adversely affected by slow growth in the developed countries, and that one of the prerequisites for improvement was the overcoming of the recession in the developed countries, it was also true that the activation of development would contribute to the very recovery that the industrialized countries were themselves seeking. Accordingly, any approaches to the present crisis must embrace a broad front. The approaches needed therefore to have a sequence in which problems on all sides were treated more or less simultaneously. While the developed countries were taking measures to overcome their recession, there had to be measures taken simultaneously to stimulate the economies of the developing countries.

16. The Trade and Development Report, 1981 2/ had pointed to the possibility of a new paradigm for world development and had also suggested that, if there could be an invigoration of the process of development throughout the countries of the third world, there could be a new series of interactions that would change the longer-term prospect even for the industrialized countries. This paradigm would need to include the socialist countries, which were also affected by the difficulties on the international economic scene.

17. The provisional agenda for the sixth session of UNCTAD aptly set out the principal issues of relevance to the world economic situation and it was important to appreciate the interrelated character of the problems in each of the areas singled out. For example, the payments difficulties of many countries would be eased if world trade were to expand faster and if problems of market access were improved. The debt problem would similarly be relieved to a great extent if there were a soundly functioning financial system that made it possible for countries to acquire the external resources on less costly and more appropriate terms. The commodity problem would not be so serious if not for developments in international financial markets which had resulted in soaring interest rates.

18. The sixth session of UNCTAD itself could thus be seen as an occasion to build the elements of a programme for global recovery; the provisional agenda contained many elements that lent themselves to treatment in a way that could indeed be a contribution to the whole quest for world economic recovery.

19. It was premature to be specific as to the contents of the solutions proposed for consideration at the sixth session of UNCTAD, which would need to evolve between now and the Conference as the outcome of a close and intensive dialogue among Governments, and between them and the secretariat. Yet in each of the areas covered by the provisional agenda there were several strands that ran concurrently and intertwined. There were both short-term and long-term problems, problems affecting countries and those affecting international systems. Thus, there was a need to give attention not only to the immediate but also to the longer-term issues, and it was necessary both to find ways of providing relief to countries in difficulties and to look at the way in which the system itself, in the areas of trade and finance, had been functioning and had in some cases been seriously undermined by the march of events.

20. In the area of world trade for example, there had been stagnation and even decline for more than two consecutive years. That in itself was an extraordinary phenomenon, given the buoyancy that had governed world trade in the past. There was also the emergence of new trends towards protectionism, the adoption of restrictive measures, and talk of a major trade crisis, even a trade war. These were serious problems that called for an urgent and immediate reaction. But while focusing on immediate actions it was also necessary to bear in mind that, over time, there had been changes in the system, in the bodies of rules and principles, and the way in which they were applied, that governed international trade.

21. The secretariat had given considerable attention to those changes and had presented many studies on the subject. It had pointed out there that imperceptibly, or perhaps perceptibly, the original system established at Havana at the conclusion of the Second World War was undergoing changes and modifications, some of them desirable, but others rendering less effective and less valuable the system earlier set up. The studies pointed to the fact that the world trading system was becoming in many respects less transparent, less non-discriminatory and less of a multilateral system than previously.

22. He had been struck by the rapidity in more recent times of the tempo of the changes that had been emerging, and had been particularly conscious of the relationship between certain developments and proposals and the frameworks that had been established earlier in UNCTAD. In the case of the generalized system of preferences there were arguments or proposals for other concepts such as graduation, and even of reciprocity from some developing countries. He could not help feeling that these developments would have an impact on the generalized system of preferences (GSP) as originally formulated. For that reason Governments should give them particular attention.

23. In the area of finance there were immediate difficulties: the enormous payments gaps facing developing countries and the paucity of their resources; the declining role played by official development assistance; the constraints on the capacity of international financial institutions to respond to the needs of countries in difficulties and, more recently, the difficulties that the international capital markets were facing in accommodating the needs of developing countries.

24. In every forum available to it, including the sixth session of UNCTAD, the international community should address itself to what needed to be done to meet these urgent and immediate problems. But, as in the case of trade, there was the parallel development of a modification of the system that governed the flow of money and finance throughout the international economy. In addition, in more recent times a new problem had arisen, namely, the dimensions and the magnitudes of the financial imbalances were so different from what they were when the earlier mechanism of facilities had been set in place that the adequacy of the system, taken as a whole, had become a very relevant and urgent problem.

25. The developing countries were likely to encounter large payments gaps not only because of cyclical factors but also because of factors of a more enduring character. The pressures of world inflation and changes in the terms of trade had created situations in which developing countries were likely to continue to encounter differences between their import outlays and available foreign exchange earnings greater than at any time in the past. It must therefore be asked whether the financial system was adequate to deal with this important and new phenomenon and whether it would not need to be adapted to make it more responsive to the contemporary problems.

26. A financial system was needed that would make it possible for developing countries to cope with their problems of external indebtedness in a manner that did not jeopardize their development process. That consideration was fundamental to all the approaches to the question of adjustment and financial equilibrium. The challenge to the international community was not merely to find means of restoring equilibrium to the external accounts of member States or developing countries; in the case of developing countries it was how to make such adjustment compatible with the continuation of the growth process. It was not a satisfactory adjustment that brought payments balance into equilibrium through the negation of growth and development. The need, on the contrary, was to find ways of making the financing of payments compatible with the continuation of rapid growth.

27. As to the problem of commodities, it could not be said that an earlier system was being undermined and eroded - simply because no earlier system had ever been established. The search for a supportive system to deal with and regulate commodity trade that had been launched at Havana had never really culminated in concrete results. The commodity crisis was an important aspect of the world economic crisis; commodity prices in real terms had reached their lowest level in the last 45 years. Had there been more success in establishing a network to deal with the problem of commodity prices and commodity trade, and faster progress in the implementation of the Integrated Programme for Commodities (IPC), the present situation might at least have been tempered.

28. One essential requirement in the present situation was to move ahead rapidly with the ratification of the Common Fund for Commodities (CFC) so that it could be brought into early operation. If, between now and the sixth session of UNCTAD, the ratification process could be advanced, that in itself would give credibility and confidence to the treatment of issues in the commodity area at the Conference.

29. At the sixth session of UNCTAD the vexed problem of international commodity agreements - why they had proved so difficult to reach, why they had not worked satisfactorily - had to be examined, as had the question of the structural aspects of the commodity economy - the problems of marketing, distribution, processing and transportation and of a supportive system of compensatory financing.

30. If the sixth session of UNCTAD was to realize its potential, it was crucially important that it be particularly well prepared - and not just well prepared on the part of the secretariat and in its documentation, but also in terms of the attention that Governments gave to the Conference between now and its convening in June 1983. That was why he had time and again urged the need for an intensive process of discussions during that period among Governments and between them and the secretariat. On the organizational aspects, the secretariat had presented to the Board an outline of proposals for the structure of the Conference, on which he would welcome the reactions of Governments.

31. As to ECDC, he emphasized his view that the whole problem must be seen as part of the problem of getting a better functioning and more healthy global economy. The Trade and Development Report, 1981 had elaborated on this theme and suggested that a rapid intensification of linkages among developing countries was an essential part of any new paradigm for world development. Because ECDC was so vital and so relevant to the whole problem of development, its potential must be seen in the context of its importance to the global economy. This whole process of co-operation among developing countries had in the last year or two received considerable attention on the part of the developing countries themselves. The point had now been reached of implementation and of giving practical content to concepts and approaches that had earlier been only generally defined. In that context, the whole issue of the supportive role of UNCTAD, the United Nations system, and indeed the international community, became important. He agreed with the President that the Board should make its best efforts to find solutions to whatever difficulties that had arisen, so that the whole process of ECDC could move forward and increase in tempo.

32. Many people had expressed the thought that the time, perhaps because of the difficulties and because of the complexity of problems, was not propitious for new agreements and new international responses. He would not wish to subscribe to that view; the very urgency of the crisis should serve to compel attention to problems and bring out solutions. While he could not anticipate the constellation of forces and factors that would prevail when the sixth session of UNCTAD convened in Belgrade, he felt that the very fact of crisis should serve to heighten the awareness of issues and the search for solutions. But essential to the approach to the sixth session of UNCTAD was the spirit that would be generated from now on. One of the contributions he looked for from the current session of the Board was essentially the creation of this constructive spirit, which would make it possible to anticipate good results at Belgrade and to hope that Governments would seize its full potential.

* * *

33. At its 599th meeting, on 23 September 1982, the Board, at the invitation of the President, observed a minute of silence in memory of the Palestinian men, women and children whose lives had been cruelly taken away in events that had occurred in West Beirut since the Board's previous meetings.

* * *

34. The present report provides an account of the Board's proceedings during the first part of its twenty-fifth session. A fuller account of the proceedings in plenary is contained in the summary records of the 587th-599th meetings (TD/B/SR.587-599).

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)

35. For the consideration of agenda item 4, the Board had before it a report by the Secretary-General of UNCTAD entitled "World inflation and the development process" (TD/B/914 and Corr.1), prepared pursuant to General Assembly resolution 34/197.

36. For the discussion of these and other items of the agenda the UNCTAD secretariat had made available the "Trade and Development Report, 1982" (UNCTAD/TDR/2, vol. I-III). 3/

37. Also before the Board was a draft resolution (TD/B/L.360) remitted from previous sessions.

38. Opening the discussion on these items, the Director of the Money, Finance and Development Division noted that the world economic situation had further deteriorated and that the economic difficulties of developing countries had become extremely acute since the last session of the Board. Growth in developing countries in 1981 had been the slowest for several decades and, on a per capita basis, the gross domestic product (GDP) had in many instances actually declined. Earlier in the present year, when the secretariat was preparing the forecasts for 1982 presented in "Trade and Development Report, 1982", it had been expected that there might be some improvement in the situation. However, more recent information made it clear that the growth performance of developing countries in 1982 would be little changed from that of 1981 and in some regions might be even less satisfactory, as much less favourable short-term growth prospects were in most cases a result of increased pressures on balances of payments, themselves due to declining terms of trade of non-oil-exporting developing countries and unprecedentedly high interest rates.

39. During the mid-1970s developing countries had also had to deal with intense payments pressures owing to recession in the developed market-economy countries and sharp changes in terms of trade. While it had thus been a difficult period for most developing countries, there were a number of factors that had eased their process of adjustment. First, with some exceptions, commodity prices throughout

the 1970s had remained fairly stable in relation to prices of manufactures. Second, the markets in industrial countries for the manufactured exports of developing countries had remained relatively open. Indeed, despite difficulties in particular sectors, especially textiles, exports of manufactures to these markets had grown rapidly, easing the payments position in a number of developing countries. Finally, the financial system as a whole had provided a substantial flow of resources to developing countries in the form of both bridging finance and longer-term flows that underpinned the investment required for structural adjustment. Consequently, many developing countries had been able to improve their underlying payments position while maintaining reasonable rates of growth, although in many cases it had been at a high cost in terms of compression of consumption, deteriorating income distribution and rapidly mounting external debt.

40. However, the factors that had facilitated adjustment by developing countries in the 1970s were now missing wholly or in part. The recent sharp decline in commodity prices that had seriously eroded export earnings for a substantial number of developing countries, the intensification of protectionism in developed market-economy countries and the apparent inability of the financial system to increase substantially the net flow of resources to developing countries had made it extremely difficult for those countries to mount successful adjustment programmes while maintaining satisfactory growth rates. Indeed, a worrying aspect of this situation was the fact that developing countries were being obliged to reduce their deficits through a slowing down of growth rather than through an appropriate restructuring of consumption and output, which could be achieved only through increased investment in such key import sectors as food and energy and in both new and existing export activities.

41. He said that failure to provide the financial support necessary for a genuine process of adjustment in developing countries would have grave consequences not only for the development of developing countries but also for the world economy as a whole. The developing countries together constituted a market for the products of developed market-economy countries that amounted to some \$300 billion annually. A significant contraction of that market, which could not be ruled out on present trends, would only serve to postpone recovery in industrial countries.

42. A longer-run problem, but one with an important influence on the current situation, was inflation. The Board had before it, as requested by the General Assembly, a report by the UNCTAD secretariat on this subject (TD/B/914 and Corr.1), some aspects of which were also covered in part II of the "Trade and Development Report, 1982". The particularly severe impact of world inflation on developing countries was the result of such factors as the persistent rise in the prices of traded goods during the 1970s, together with the associated changes in relative prices that had adversely affected the balance of payments of developing countries. Such price movements had also affected the domestic economies of developing countries, starting intractable inflationary processes in many of them where prices had earlier been rising relatively little.

43. Another theme covered by the secretariat's report concerned the major effects of inflation and anti-inflationary policies in developed market-economy countries, particular attention being paid to the high costs of policies based on monetary restraint in those countries, such as high unemployment, stagnant world trade and high interest rates. There now seemed to be a growing consensus that the range of instruments of counter-inflationary policy should be enlarged to give greater

emphasis to fiscal policies, and there would also be advantages, both domestic and international, in greater reliance on such measures as sectoral and income policies.

44. Representatives who spoke on these two items generally agreed that the current world economic recession was the most protracted of the post-war period and had greatly hampered the development process in developing countries. There was an extensive exchange of views regarding the origins of the crisis and the appropriate combination of international and domestic policy measures required to deal with the consequences.

45. Representatives from all groups referred to the "Trade and Development Report, 1982", to the statement by the Secretary-General of UNCTAD at the opening of the session, and to the statement by the Director of the Money, Finance and Development Division reported above. Although they may have differed with it on particular points, many representatives expressed their approval of the broad scope of the report and its generally high technical quality. They also expressed their appreciation for the efforts to explain the present world economic crisis by taking into account both cyclical and long-term structural factors and the interrelationships among economic policies in the areas of trade, development, money and finance. Many representatives, however, regretted that, except for the introduction and overview, the report had not been made available other than in English, which was not conducive to a thorough discussion at the Board. The spokesman for Group B expressed appreciation for the efforts of the secretariat to take into account the comments made by his Group on Trade and Development Report, 1981. 4/ He and other representatives made comments on the 1982 report, reported below, which they hoped would be taken into account in preparing the next report.

46. All representatives who spoke on these items concurred in deploring the current world economic situation and short-term prospects. Nearly all of them expressed deep concern over the slow-down of growth in all countries, particularly the developing countries and especially the least developed and most seriously affected among them.

47. Representatives from all groups agreed that the sharp decline of primary commodity prices, the historically high interest rates in international capital markets, the reduction in world demand for the exports of the developing countries and a slowing down in the flow of external finance to developing countries had resulted in increased pressure on the balance of payments of many developing countries as well as of some developed countries, which was unparalleled in the post-war period in its intensity and duration. They expressed deep concern over the mounting unemployment and reduced rates of investment that the slow-down in growth had entailed for most market economies. They also expressed concern over the high and growing level of external indebtedness and the heavy debt-servicing burden of the developing countries, which had been aggravated by the unusually high interest rates in international capital markets. An additional cause for concern in this context was the growing importance of short-term debt in their total external liabilities. Some representatives expressed the view that the growth prospects for 1982 and 1983 were even less encouraging than the sombre situation depicted in the report. Many representatives acknowledged that developing countries, in particular the least developed countries, appeared to be bearing a disproportionate share of the costs of adjusting to the current world recession.

48. The spokesman for the Group of 77 ascribed this situation in part to an excessive reliance by many developed market-economy countries on monetary policy to

combat inflation, increased protectionist pressures, levels of official capital flows totally inadequate to the present crisis, and a frequently misplaced emphasis on demand restraint in the conditionality associated with access to the resources of the International Monetary Fund (IMF).

49. The spokesman for Group B drew attention to the importance of appropriate national economic policies in improving economic performance. In the view of his Group, undue emphasis had been given to external factors in the secretariat's analysis of the current plight of developing countries. Representatives of several developed market-economy countries emphasized the need for greater emphasis on promoting agricultural development in developing countries, greater reliance on market mechanisms and the active encouragement of private direct foreign investment. The spokesman for the European Economic Community (EEC) stressed the need to improve both the economic and the financial environment, including movement towards internationally adopted aid targets. The representatives of several developed market-economy countries felt that the role of the socialist countries in supporting the development process in developing countries warranted deeper analysis. The representative of one developed market-economy country considered that the report was too pessimistic in suggesting that the future for developing countries was bleak, since he hoped that countries would learn from past mistakes and make appropriate policy adjustments.

50. Representatives of some developing countries and of socialist countries of Eastern Europe noted with concern that the slow-down in world trade was being aggravated by discriminatory restrictions on trade imposed for reasons of a purely political nature. Some representatives also expressed concern at the continued high levels of armaments expenditures by some countries and the prospect of their further growth in the face of the enormous unmet needs of developing countries.

51. Many representatives found the implications of the present crisis particularly disturbing in the light of the need to increase rates of investment in the world economy in order to accelerate structural change. The report identified a number of investment needs: conservation, import substitution and diversification in the energy sector by countries of all groups, and diversification of exports in developing countries. Since this would involve increasing the importance of manufactured exports by developing countries, positive adjustment policies would be called for in the developed market-economy countries to facilitate market access, entailing large investment outlays. Several representatives, including the spokesman for the three Nordic countries, observed that strengthening the development process in developing countries would result in important feedback effects of benefit to the developed market-economy countries as well.

52. Representatives of many developing countries observed that developing countries had made significant progress in increasing domestic savings ratios and would, no doubt, continue to do so. The spokesman for the Group of 77 recognized that increased attention was needed to ensure that agricultural development proceeded hand in hand with industrialization. There were, nevertheless, limitations on the extent to which increased self-reliance would be adequate to the problem. As the report pointed out, for example, many developing countries that had been successful in significantly improving their domestic performance since 1974-1975 shared certain characteristics at the beginning of the period not widely shared by developing countries as a whole, namely, relatively high levels of per capita income and education, an already diversified industrial base and easy access to capital markets or large inflows of foreign remittances. Few of these

characteristics were under the control of policy makers in the short run. Moreover, the prolonged period of stagflation had intensified the adverse external pressures on their balances of payments. The GDP growth even in the group identified in the report as "fast-growing exporters of manufactures" had been greatly reduced, and in some cases there had been an absolute decline in output.

53. Many representatives said that the efforts of developing countries were bound to be frustrated without a significant strengthening of international co-operation. All Groups stressed the need to promote ECDC by, inter alia, expanding mutual trade and maintaining the present high levels of concessional assistance on the part of those countries in a position to do so. The spokesman for EEC and the spokesman for the three Nordic countries emphasized their support for a significant enlargement of the resources of IMF. The representatives of many developing countries stated that it was particularly urgent to reassess policies in developed market-economy countries. In their view, single-minded preoccupation with combating inflation and almost total reliance on monetary policy to that end was inappropriate. World inflation was undoubtedly injurious to developing countries as well - as was pointed out in both the "Trade and Development Report, 1982" and in the report by the Secretary-General of UNCTAD, "World inflation and the development process" (TD/B/914 and Corr.1). Nevertheless, controlling inflation should be accomplished by a broader range of policy instruments, employed so as to safeguard the development process in developing countries and permit more rapid structural change in all groups of countries. While the importance of the contribution that market forces could make to the process of structural change was widely acknowledged, reliance on them alone, in their view, would not be sufficient.

54. The representative of Venezuela considered that, for the second consecutive year, the report contributed to a proper understanding of the diverse elements that gravely impeded the progress, stability and harmony of the international community, especially the developing countries. It demonstrated especially how an interdependent world economy had deteriorated to such an extent as to virtually paralyse the process of development in developing countries, which were facing their worst economic crisis since the Great Depression. A similar view had been expressed by the secretariat of the General Agreement on Tariffs and Trade (GATT), by the Department of International Economic and Social Affairs of the United Nations Secretariat in the World Economic Survey, 1981-1982 5/ and by the Secretary-General of the United Nations addressing the recent session of the Economic and Social Council. Nobody disputed the global nature of the crisis or foresaw an early recovery.

55. His delegation took this situation as evidence that the post-war world economic system was exhausted. He wondered whether an international monetary system really existed when the Bretton Woods institutions had lost their efficacy and possibly their relevance, and when the accumulation and channelling of surpluses responded to the manipulation of interest rates for the benefits of a few. This disorganization and loss of control over world money and finance was, in his view, at the root of the phenomenon of world inflation.

56. Nor did it seem an exaggeration to affirm that the growing insolvency of developing countries excessively burdened with debt threatened the international financial system with collapse. According to the secretariat of the Economic Commission for Latin America (ECLA), the Latin American region, to which his country belonged, had experienced its lowest growth rate for 40 years in 1981, per capita GDP was actually falling and there was no prospect of an improvement in

1982. The external debt of the region had reached \$240 billion by the end of 1981, and was likely to increase by \$40 billion in 1982. Its average maturity was 11 years and annual debt service represented 56 per cent of export earnings (interest alone was 30 per cent). It seemed unlikely that the present framework of conditionality could provide any solution to this problem.

57. It was in the area of international trade that the present disintegration of the world economy achieved its fullest expression. In addition to protectionism, the growing arbitrariness and unpredictability of trade measures, in fact the virtual disappearance of rules of the game, had brought about a situation of anarchy. He referred to the justifiable expectations raised by the forthcoming meetings of GATT, where his country had requested observer status. Yet even though GATT was a body with a membership representative of the international community, he was doubtful of its continued relevance. If products not adequately covered by GATT rules, or not covered at all (for example, fuels, agriculture and textiles), were excluded, the share of world imports accounted for by GATT members was only about 44 per cent. If products such as automobiles, steel and other categories of "managed trade", for example the internal transactions of transnational corporations, were also taken into account, the proportion might not exceed 20-25 per cent. It did not seem possible to speak of an international trading system if it did not cover adequately the volumes of world trade and if exceptions to its own rules were becoming the normal practice. The future of GATT was important in this sense to all members of UNCTAD.

58. Another topic meriting attention was the relationship of trade to development. It was a paradox of the present situation that the two concepts were pursued as if in conflict, and that recommendations were being made to developed and developing countries alike to pursue an isolationist, inward-oriented development strategy. That contradiction appeared clearly when developing countries such as the members of the Organization of Petroleum Exporting Countries (OPEC) were being urged to reduce their payments surpluses without any account being taken of their healthy effect on world trade in recent years. For instance, in 1979, developing countries were responsible for absorbing 84 per cent of the exports of manufactures from developed market-economy countries to other countries, and half of this amount was accounted for by the countries of OPEC (compared to 68 per cent and 25 per cent, respectively, in 1965). Recent research confirmed the dynamic effect extended by OPEC countries on the exports of manufactures by developed and developing countries alike.

59. Of the various difficulties recently afflicting world trade, nothing, in his view, was more pernicious than the arbitrary and illegal sanctions levied by a group of developed market-economy countries against Argentina. In addition to the formation of an Action Committee within the Latin American Economic System (SELA) to support Argentina, the VIIIth Regular Meeting of the Latin American Council had unanimously adopted a number of measures to reinforce the collective economic security of the region, to reduce its vulnerability to external shocks and to establish mechanisms for confronting economic measures of a coercive nature. At the same time, the so-called "renewed dialogue" between EEC and SELA had been suspended, pending the lifting of sanctions against Argentina.

60. Taken together, he believed the points that he had mentioned indicated the end of an era. The present crisis was certainly more than cyclical or conjunctural in character. The world was confronted with a veritable transformation of the

existing system of international relations, and it would be counter-productive to attempt to apply solutions and attitudes of the past for facing the future.

61. He stressed that one of the main lacunae in the post-war reorganization of the international economy had been the absence of participation by many of its members. With the growing interdependence and internationalization of economic processes, the failure to share responsibility genuinely among all nations was serious. His delegation hoped that intelligence, rationality and humanism would prevail and open the way for an authentic dialogue and understanding between North and South. At the same time, his country would persevere in the effort to strengthen solidarity and co-operation among developing countries at the subregional, regional and global levels. It hoped that these efforts and understandings would bear fruit at the forthcoming GATT Ministerial Meeting and at the sixth session of UNCTAD.

62. The spokesman for Group B, recalling that his Group had welcomed the initiative of the Secretary-General of UNCTAD in launching an annual Trade and Development Report, noted that the members of Group B had made a number of observations at the twenty-third and twenty-fourth sessions of the Board on the 1981 report, which the secretariat had been requested to take into account in the preparation of subsequent issues. By and large, Group B considered the 1982 report to be an improvement on that of 1981 and appreciated the efforts made by the UNCTAD secretariat to take account of its comments on the latter report.

63. He had three general comments on the 1982 report. First, he drew attention to the difficult international environment, analysed in the report, which he agreed had deteriorated and become more unfavourable for all countries, particularly for the developing ones. The hardest hit, with respect to both their current situation and their development prospects, were the poorest and least developed of the developing countries. However, he felt that there was a certain lack of balance in the secretariat's analysis between the evaluation of external factors on the one hand and of the significance of national policies on the other hand. In his introductory statement to the Board (TD/B(XXV)/Misc.3), the Secretary-General of UNCTAD had referred to internal developments, particularly in developing countries, but the report should have brought out more clearly the decisive importance of national policies in the key area of food production, which had become crucial for a number of developing countries.

64. Second, he said that Group B was less than fully satisfied that the report provided an entirely objective examination of the policies and the potential of the socialist countries of Eastern Europe. A more detailed analysis of the participation of those countries in promoting and strengthening economic co-operation with the developing countries, in particular the least developed among them, in the areas of both trade and the transfer of resources, would have enhanced the value of the report.

65. Third, some countries members of Group B had comments on part IV, chapter 3, of the report, dealing with disarmament, which they would make in their national statements.

66. The representative of the Union of Soviet Socialist Republics stated that the increasing tension in the world political and economic situation and the growing difficulties of developing countries were of great concern to many countries. It was essential and important to assess the causes of the current economic

difficulties and to find effective ways of overcoming them. In that connection, he welcomed the two editions of the Trade and Development Report so far published and stressed that the UNCTAD secretariat should continue preparing such annual reports.

67. It was obvious that the economic crisis in the developed capitalist countries and its adverse effects on international economic relations, in particular, on developing countries, was at the root of the matter. He shared the concern of the developing countries over the effects of the crisis on their economies and the difficulties for them to make the necessary structural adjustments. At the same time, it had to be borne in mind that the transnational corporations generally derived big profits at the expense of other countries, in particular developing countries. It was an example of how "interdependence" of developed and developing countries manifested itself and of which so many good words had been said in various forums, including UNCTAD. The current economic difficulties were being used by the neo-colonialists to destroy the national sovereignty and economic independence of the developing countries. Western diplomacy and policy persistently insisted that the developing countries should open widely their doors to private capital, grant it all possible preferences and guarantees and provide it with "normal conditions" for its operation.

68. In the "Trade and Development Report, 1982" one could find examples of how the serious difficulties combating developing countries in regard to their indebtedness were being used by the Western creditors, including IMF, to interfere in the domestic and foreign policy of the developing countries.

69. He stressed the increasingly adverse effects on international economic relations of the political and trade restrictions introduced by some developed capitalist countries. The position of his delegation on the subject had been set out in the memorandum on "Obstacles to the development of contemporary trade and economic relations", which was before the Board in document TD/B/924. As stressed in that memorandum, there was a growing use of restrictive measures in the sphere of international trade in goods and services, which were increasingly being introduced for purely political motives. The Governments of a number of developed capitalist countries had made attempts to curb the process of détente and bind trade and other economic ties to the service of their aggressive foreign policy. The Soviet delegation was convinced that the faulty practice of trade restrictions without any economic justification not only affected the interests of the countries against which they were directed but also affected the development of international trade as a whole. Those who pursued such a course of action, notably the United States, wanted to perpetuate it by applying it against any State that did not agree with its policy.

70. The international community should strongly oppose such an approach to problems of the development of international trade as being contrary to the interests of all countries, including those who practised such measures. The problem was of great importance for UNCTAD, and should be duly recognized by the Board, the more so as questions of trade policy were understandably being given increasing attention in UNCTAD. At the sixth session of UNCTAD these problems should be highlighted, in view of the serious current situation of international trade. A comprehensive and integrated approach to trade and political problems at the Conference, with due account taken of the interests of all countries, would contribute to re-establishing credibility in international trade. UNCTAD had the right to, and systematically should, review these problems, taking into account the interests of all the partners in international trade.

71. Among the urgent trade and economic problems, trade between countries with different economic and social systems played a particular role. UNCTAD provided a unique international forum for examining these problems and their interrelationship. UNCTAD had indeed done much in this respect, but the Board should continue to devote attention to activities in this important field. In the past few years much effort had been expended to elaborate detailed recommendations on trade between countries with different economic and social systems and adopt an appropriate resolution. Tangible results had been achieved in respect of that part of the resolution dealing with trade between socialist and developing countries. On that issue negotiations were concluded in a constructive manner and in a spirit of co-operation. The question of trade between socialist and developed capitalist countries (East-West trade) was a more complicated one, and the development of such trade was being hampered by increasing resort to new protectionist measures, undisguised selectivity in applying them, and all kinds of "sanctions" and restrictions for non-economic reasons by a number of capitalist countries. Certain countries in Group B prevented UNCTAD (and not only UNCTAD) from achieving mutually acceptable agreements on this particular flow of trade. His delegation, together with other socialist countries, was prepared to adopt a detailed draft resolution on trade between countries with different systems at the present session.

72. The Soviet Union was convinced that the prospects of world economic development and international economic co-operation depended, more than ever before, on the progress that could be achieved in the achievement of the main purpose of the Charter of the United Nations, which was to save succeeding generations from the scourge of war. His country had persistently pursued a policy of stopping the arms race, improving international relations and preventing war. At the second special session of the General Assembly devoted to disarmament, the Soviet delegation had stated that the USSR assumed the responsibility not to use nuclear weapons first. That opened up a real opportunity to bring to nought the likelihood of war. The special session had given new impetus to the activities in this area. In that connection, the UNCTAD secretariat should intensify its analytical work on the trade and economic aspects of disarmament. It was necessary for this problem to remain within the sphere of UNCTAD activities both during preparations for the Conference and at the next session of the Board.

73. He said that the USSR had always supported the restructuring of international economic relations on the basis of justice and equality. In its trade and economic policy, it invariably followed the fundamental principles of non-discrimination, mutual benefit and equality of the partners, and it came out firmly against any discrimination in international trade. Its imports from the developed market-economy countries and developing countries had increased by 22 per cent in 1981, and there was a further increase in 1982.

74. An important aspect of his country's policy was the provision of significant assistance to the newly independent countries in their struggle for economic independence, and for overcoming their inequality in the world capitalist economic system. A document on this subject had been circulated at the second regular session of 1982 of the Economic and Social Council (E/1982/86), which contained information concerning the full extent of the assistance provided to the developing countries. During the period 1976-1980 the total amount of economic assistance from the USSR actually used by the developing countries, less loan repayments and other payments, in connection with such assistance, had amounted to about 30 billion roubles. Net economic assistance to the developing countries as a proportion of the gross national product of the USSR thus averaged 1 per cent,

having risen from 0.9 per cent in 1976 to 1.3 per cent in 1980. Furthermore, his country's aid to developing countries could not be compared with that provided by Western countries simply by comparing figures, as that did not take into account the capital outflow from the developing countries to the developed market-economy countries, which more than made up for any flow of "aid" from those countries, on account of the activities of transnational corporations. Hence there was no sense in claiming that the USSR should provide assistance to the developing countries as a fixed proportion of its gross national product (GNP) on an equal footing with the developed capitalist countries. For reasons of principle, the Soviet Union rejected these claims. At the same time, it provided, and would provide, the developing countries with the necessary assistance to help them in their struggle for economic independence and for restructuring the economic order.

75. He added that the growing participation of the USSR in international economic co-operation was based on the stable development of the Soviet economy. Despite such objective factors as a slower growth of the labour force, increased expenditures on the extraction and transportation of raw materials, and three successive bad harvests, the USSR had made a tangible stride in fulfilling its current five-year plan objectives. A food programme had been adopted in 1982, which was one of the main features of the country's economic strategy for the 1980s. It provided for co-operation with foreign countries and above all with socialist countries. At the same time, the USSR would not put up with the attempts by the Governments of some countries to use the sales of grain as a means of political pressure.

76. In conclusion, he stressed that, in the current economic situation, the role of such authoritative international organizations as UNCTAD was growing. The sixth session of UNCTAD would allow an analysis in depth of the main reasons for the difficulties in world trade and the world economy, a comprehensive exchange of views on ways of overcoming these difficulties and elaboration of appropriate mutually acceptable solutions.

77. The representative of the United States of America, responding to the statement by the representative of the USSR, deplored certain references in that statement to the aggressive foreign policy of his Government, at the same time drawing attention to the presence in Afghanistan of troops from the USSR and to that country's recent interference in the internal affairs of Poland. He indicated his certainty that all delegations recognized the transparency of Soviet propaganda and would reject totally this allegation as being a part of it.

78. The representative of Japan drew attention to the prolonged stagnation, unemployment, widespread inflation, high interest rates and balance-of-payments problems at present characterizing the world economy as it emerged from a decade in which it had undergone two oil crises. He stressed the urgent need to combat growing protectionist pressures and for the international community to reaffirm that the strengthening of the political, economic and social resilience of developing countries was indispensable for the revitalization of the world economy as well as for world peace and stability.

79. He considered that the report provided a useful basis for discussion of the major issues on the provisional agenda of the sixth session of UNCTAD. Noting that its economic forecast was optimistic for both developed and developing countries, he referred to the forecasts made by the secretariat of the Organization for Economic Co-operation and Development (OECD), in the July 1982 issue of its

Economic Outlook, that GDP in developed market-economy countries would increase by 0.5 per cent in 1982 and 2.5 per cent in 1983, which contrasted with the corresponding figures of 0.9 per cent and 3.2 per cent, respectively, in the report. Moreover, the World Development Report, 1982 6/ forecast that growth of the industrialized market economies in 1982 would be 0.2 per cent. In annex table A.2 of the UNCTAD report the expected volume growth of world exports was given as 0.5 per cent in 1982 and 4.5 per cent in 1983. However, the latest IMF quarterly statistics seemed to indicate that a much lower figure was likely in 1982, and there were no grounds for expecting a great improvement in 1983.

80. He noted that the report attributed the current crisis mainly to recession in developed market-economy countries and the policy of high interest rates pursued in the United States. Although this analysis might have some validity in the context of short-run policy, it was meaningless from the medium- and long-term point of view to blame the economic situation of developed countries for the economic difficulties facing developing countries. The important thing in this regard was to adapt the strategy of economic development to the likelihood of prolonged world recession.

81. He drew attention to the relatively high growth rates of Asian fast-growing exporters of manufactures against a background of slower growth, higher payments deficits, and increased indebtedness for developing countries as a whole. In that context he thought it would be highly desirable to analyse how countries of the Association of South-East Asian Nations (ASEAN) and newly industrializing countries in Asia had managed to sustain their process of economic development in the face of, and in spite of, unfavourable external conditions. He believed that a favourable outcome could be achieved by such policies as: (a) maintaining an open-economy system and promoting foreign investments; (b) developing and strengthening the agricultural sector; (c) encouraging savings; and (d) giving high priority to the development of human resources. A recent occasional paper of IMF concluded that the economic growth of non-oil-exporting developing countries was usually linked to that of developed countries, but that it was also strongly affected by other factors such as "the cost of their imported inputs (particularly oil), the quantity and quality of human and physical capital and the stance and general orientation of their economic policies". 7/

82. Turning to particular topics covered by the report, he said that, in its analysis of the deteriorating terms of trade for primary commodities and their adverse effects on developing countries whose exports consisted mainly of such products, it failed to take proper account of various measures that had been adopted in response to these phenomena, such as international commodity agreements and technical co-operation directed towards commodity development. The report also reiterated the traditional thesis that the terms of trade for primary commodities were continuing to worsen because of an elasticity of demand with respect to prices and income which was lower than that of manufactures. However, it should also be pointed out that the competitive position of primary commodities in relation to that of synthetic products had been improved by the rise of oil prices and that many developing countries were making efforts to increase value added by greater processing of primary products.

83. On structural adjustment, he said that several sectors of industry in Japan were faced with problems of a structural nature. The Government maintained a free-trade policy for these sectors, while pursuing a positive adjustment policy based on the full functioning of market forces. As stated in paragraph 369 of the

report, a high proportion of exports from Japan was to developing countries, but the share of developing countries in Japanese imports was still higher, amounting to some 60 per cent. The domestic market of Japan was now second only in size to that of the United States, with annual imports of some \$140 billion. These facts should have been noted in the report.

84. With regard to monetary and financial questions, he noted that the situation of developing countries had recently shown some slight improvement, such as the lower interest rates, the decline of oil prices and the slower pace of the recession in developed countries. However, in the face of continued stagnation in developed countries, measures such as debt reorganization might sometimes be unavoidable. The long-term solution of these problems would require, inter alia, critical reviews of development programmes or the adoption of tight fiscal policies in developing countries. Paragraphs 190-198 of the report contained a series of rather over-simplified criticisms of the shortcomings of the facilities of IMF and the World Bank. The efforts made by those institutions to establish and improve financing facilities in response to the needs of developing countries deserved fuller appreciation. The activities of the regional development banks should also have been given more recognition.

85. In its treatment of energy, the report concluded that there had been no decisive change in the relationship between energy consumption and levels of economic activity, and pointed to the need for further efforts to stabilize energy prices, while promoting conservation and energy efficiency. Unfortunately, the analysis in the report was confined almost entirely to developed countries, although the energy problem was one of vital importance to the world as a whole; more information was required if global demand and supply prospects for energy were to be properly analysed, including prospects for developing countries. If efforts to obtain such information led to a common recognition of the nature of energy problems from a long-term, global viewpoint among industrialized, oil-exporting developing countries and other developing countries, there might be a better understanding of the global energy situation, which would be conducive to a stabilization of the world energy situation in the interests of the world economy as a whole.

86. An exchange of views on the basis of the report could contribute to a greater appreciation and mutual understanding of the differing positions of various countries and groups of countries on the key issues facing the world economy that would be discussed at the sixth session of UNCTAD. It would also help to clarify the focal points of policy issues with regard to the three principal items of the provisional agenda of the Conference, namely, commodities (item 9), international trade (item 10), and financial and monetary issues (item 11). It was desirable to continue the dialogue among regional groups within UNCTAD during the period leading up to the Conference. Such a dialogue would be a useful alternative to the past practice whereby a particular regional group presented arrays of policy proposals directly to the Conference itself. There should be an endeavour to identify elements for possible agreements to be adopted at the Conference, although certain questions might, if necessary, be left for political decision at the highest level of the Conference itself.

87. The representative of Cuba, stating that the effects of the current crisis on developing countries were dramatic, and that there was no sign of any early improvement, referred in particular to the decline in commodity prices and in their terms of trade, high interest rates and the hardening of terms on international

capital markets, which had contributed to increasing the already large external debt of developing countries and to a decisive slowing down of economic growth.

88. His country was particularly affected by the depressed state of the world sugar market, which was passing through one of the worst crises in its history, but producers of nearly all primary commodities, including petroleum, were also seriously affected.

89. The fall in the prices of such primary commodities as coffee, sugar, agricultural raw materials, minerals and metals, had cost developing countries \$8-10 billion in 1981. Together with a fall in export volumes, it had plunged the developing countries into what was perhaps the worst crisis in their history. Their plight was aggravated further by rising import prices, a growing burden of debt service and the outward flow of profit remittances and related service payments. Moreover, at the time of greatest need commercial credit was contracting and, in some cases, loans from IMF were being reduced or cancelled. Official development assistance was also declining in relative, if not absolute, terms. Interest rates had been pushed to record levels by policy measures implemented by the United States and were impeding economic recovery in the developed market-economy countries as well as making unmanageable the debt service of developing countries.

90. The consequences of all these factors for developing countries had been ever lower rates of growth, if not absolute declines in GDP, declining investment and consumption, increased inflation and unemployment and a dramatic lowering of living standards. Moreover, the short-run outlook could not be more sombre, since growth in the OECD countries in 1982 was expected to be virtually nil, while inflation would remain high and unemployment would reach 30 million by 1983. Notwithstanding the gravity of the crisis, the Governments of developed market-economy countries seemed determined only to preserve the profits of monopoly capital. To that end, they had adopted harsh monetary and fiscal measures in order to shift the entire burden of the crisis onto the workers in the form of higher unemployment and wage cuts and onto developing countries through protectionism, export subsidies, tariffs, import quotas and other non-tariff barriers. The United States had taken the lead in hardening the position of a group of developed market-economy countries with respect to the legitimate demands of the developing countries, particularly in the areas of primary commodities and capital flows.

91. The current economic crisis was unfolding against the background of increasing political tension as well. In that context he referred to the recent events in Lebanon, the economic sanctions imposed against Argentina, and the unchecked arms race, which had important effects on world trade and development. The sixth session of UNCTAD and its preparatory process provided a unique opportunity to rescue this and future generations from the current crisis and, to that end, he pledged the full support of his Government.

92. The representative of the United States of America said that his country's delegation had reviewed the "Trade and Development Report, 1982" against its stated aim of providing an in-depth examination of the longer-term forces that had led to the difficulties now being experienced by the developing countries and the world economy at large. Although there was much to commend in the report, it ignored certain fundamental realities, and became unnecessarily accusatory and confrontational. Thus its usefulness as analytic background for the sixth session of UNCTAD was limited. Further, the report lacked balance in that it tended to attribute to developed countries the problems faced by the developing world.

93. The report overlooked the fact that development was first and foremost the responsibility of each individual Government and its own people. Unfortunately, in many developing countries the decisive factor that impeded progress was the pursuit of inappropriate domestic economic and social policies, a point that received only oblique mention in paragraph 377 of the report. It was not principally the omission of any reference to deficient domestic policies in developing countries that concerned his delegation, but rather the apparent denial that the problem even existed. Such an attitude encouraged countries whose policies were inappropriate to their development needs to seek excuses for their failures rather than solutions to their problems. The report also virtually ignored agriculture and rural development, a key area of development that affected directly the lives of 70 per cent of the world's poor. It also failed to recognize the vital role that the private sector played in development.

94. He added that, although both developed and developing countries now faced a serious economic situation, it was not helpful to characterize it as a development crisis. In that context he drew attention to the comprehensive adjustment programme now being pursued by his country, of which the first results were evident in such phenomena as a fall in the rate of inflation and in interest rates. As the report correctly indicated, each percentage point fall in interest rates reduced the annual debt service payments of developing countries by \$2 billion. His country recognized the effects that high inflation and interest rates had in an interdependent world, and was attempting to fight them.

95. Although the report recognized the need for adjustment by the developing countries, his delegation disagreed with its conclusions as to how such adjustment should be achieved. The report asserted that, since the primary causes of their current-account deficits were external, the developing countries should not be expected to shoulder the burden of adjustment. Moreover, since adjustment required investment, and developing countries were already making great efforts in the area of domestic saving, the report concluded that more external financing for investment should be provided by the developed world and that demand restraint was often inappropriate as an adjustment mechanism. Those conclusions underlay the report's criticisms of IMF conditionality.

96. In his view, external financing could lead to appropriate investment, thus facilitating adjustment. However, over the past decade there had been a tendency to use such financing as a means of sustaining insupportable levels of consumption. Thus, his country supported the insistence of IMF that, where excessive demand was part of the problem, restraint had to be part of the solution.

97. Turning to the report's assertion that developing countries were already doing their utmost to adjust their economies to the world situation, he said that in many cases this was not true. For example, studies of the World Bank, especially those cited in its annual World Development Report and in its report published in 1981, Accelerated development in Sub-Saharan Africa: an agenda for action, had shown that overvalued currencies, price controls, restrictive State marketing systems and the like often led to economic stagnation.

98. His country recognized that the current economic situation posed particular problems for countries heavily dependent on exports of primary products, but disagreed that short-term falls in commodity prices were principally responsible for halting long-term development progress. Moreover, he disputed the assertion that developed countries had been obstructionist towards attempts to bring

stability to commodity markets. On the contrary, they had fully co-operated in international discussions aimed at uncovering problems in these markets and exploring possible solutions. Where commodity agreements were judged not to be feasible because of technical or cost factors, developed countries had argued against them. Recent experience with some stabilization agreements demonstrated that, when technically or economically unsound, such agreements were not effective.

99. At the centre of the report's discussion of primary commodities was the assertion that over time there had been a marked deterioration in the terms of trade for primary products. He questioned the continued repetition of this argument, since experts convened by UNCTAD in 1975 and the UNCTAD secretariat's own recent statistics provided no clear evidence of a long-term deterioration in the net barter terms of trade for primary commodities. Moreover, his country did not dispute the solution proposed for primary commodity producers in the report, namely the diversification of their economies. Effective diversification should be into areas in which a country had a current or potential comparative advantage. Evidence that such diversification was well under way could be found by examining the data on world trade in manufactures, which showed a rise in the share of developing countries in imports of manufactures by developed market-economy countries from 6.8 per cent in 1970 to 13.1 per cent in 1980.

100. He noted that developing countries had benefited from the growth of world trade in the 1970s through the expansion in the absolute size of the markets of developed countries and the concomitant rise in the openness of these markets. That process helped to explain the quadrupling in real terms, as shown by statistics of the World Bank, of their manufactured exports to those markets over the decade. Such statistics seemed to be in conflict with the report's conclusion that the decade of the 1970s had witnessed a slower pace of structural change in the manufacturing sector of developed market-economy countries.

101. He emphasized that the United States shared the concern of the secretariat over new protectionist pressures. However, his country was optimistic about the future of the world trading system, which was not narrowing the development options of developing countries but rather was moving on a broad front to promote fairer patterns of trade relations together with firmer international discipline with respect to national practices distorting trade flows. A key factor in the growth of world trade over the past three and a half decades had been the momentum for trade liberalization provided by GATT. In that context, his country attached great importance to the GATT Ministerial Meeting that would be taking place in November 1982.

102. He said that the creation of an improved atmosphere for growth required a significant expansion of the opportunities for the private sector to contribute to development. As was noted in the World Bank study on Sub-Saharan Africa to which he had referred, this potential existed even in the least developed countries, but was often being left unexploited. In many instances countries should change their policies to give more scope to market mechanisms and to allow the private sector the freedom to respond to market signals. Countries that allowed their exchange-rate régimes to protect consumers of imported goods, while penalizing domestic producers and potential exporters, should recognize the costs of such a policy. Moreover, domestic price controls that depressed production should be abandoned.

103. The danger should be recognized that renewed growth could once again put pressure on oil markets, leading to an inordinate increase in oil prices that could choke off recovery and cause another recession. The developed countries were diversifying sources of conventional energy, developing new and renewable sources of energy and reducing energy consumption, especially through conservation. Further action along these lines was necessary for both developed and developing countries. In that context, he stressed the role that could be played by the removal of subsidies, the marketing of energy at world prices and the elimination of institutional impediments to energy development by domestic and foreign entrepreneurs.

104. He then commented on the use, in part IV, chapter 3 of the report, of the official Soviet estimates of military expenditures in the USSR alongside the much more reliable data for other countries compiled by the Stockholm International Peace Research Institute (SIPRI). Such a juxtaposition might mislead a reader into believing that the figures were equally accepted. He pointed out that equivalent data on Soviet military expenditures were available from SIPRI and that his country's estimate of Soviet military expenditures (which was supported by many other analysts) showed it to be a much higher percentage of GNP than that given in the report. His delegation viewed this error as providing further support for its argument that UNCTAD was an inappropriate forum for the discussion of disarmament questions.

105. In conclusion, he noted that the decade of the 1980s could continue in the pattern of the last two years, with slow growth and inflation, or it could be marked by fundamental evolutionary changes. The world his country hoped for was one that allowed greater freedom and brought greater benefits. He welcomed further discussion of the ideas he had put forward and urged further consideration of these fundamental issues in preparation for the sixth session of UNCTAD.

106. Responding to the remarks by the representative of the United States (in para. 104 above), the representative of the USSR said that it would not be acceptable for the UNCTAD secretariat to employ other arbitrary data in its documents when official Soviet data on the same question were also available. It was his country's policy not to devote more resources to military purposes than was essential to safeguard its own interests and those of its allies. The exaggerated measurement of Soviet military expenditure put forward by the representative of the United States could only be intended to justify a stepping-up of the arms race. He also rejected as totally unfounded the assertions made by the representative of the United States with regard to the references in his own statement concerning the aggressive foreign policy of the United States Government.

107. Clarifying the reference by the representative of the United States to the Stockholm International Peace Research Institute, the representative of Sweden pointed out that it was an international, independent institution, whose figures were not official figures of the Swedish Government. The estimates of the Swedish Government differed significantly from those reflected in the "Trade and Development Report, 1982".

108. The spokesman for EEC and its member States regretted that the report had not been made available in all languages in sufficient time for it to be given the detailed study which it required. It would also have been useful to have had a clearer indication, in the light of the comments made by the Community on the 1981 report, of how the Secretary-General of UNCTAD envisaged the relationship of

the report to the tasks of the Board and its subsidiary bodies. Nevertheless, the report could be used as an important tool for addressing the major issues listed in the provisional agenda for the sixth session of UNCTAD. He expressed satisfaction that the report did not attempt to project the world economy on the basis of econometric models and that it sought to analyse the present crisis against the background of the international economic environment and of structural change in the world economy.

109. He expressed agreement with much of the secretariat's analysis of the present international environment, especially that concerning the impact of high interest rates and monetary instability, the difficulties connected with private financial flows and official development assistance, the slow-down in world trade and the deterioration in terms of trade, notably for commodity exporters.

110. He said that adjustment to the profound changes of the last decade could scarcely be painless, and that the report was a little one-sided in implying that all the responsibility for such changes had been on one side and all the pain on the other. Indeed, the report brought out the progress that had been made in moving away from a bipolar to a multipolar world economy and the greater role in the economic environment that was now appropriately being played, and should be played, by countries and country groups other than the developed market-economy countries. For example, it drew attention to the increase over the period 1973-1980 in the developing countries' share of world real income from about one seventh to about one quarter. Although that had been largely due to higher oil prices, it also reflected the marked changes in the pattern of developing countries' exports to the point where manufactures (including some incorporating relatively sophisticated technology) represented nearly half of their non-petroleum exports. This illustrated the way in which the more industrialized developing countries were benefiting, along with developed countries, from the more favourable demand elasticities characterizing manufactured goods as opposed to raw materials.

111. He considered that the report's discussion of the evolution of the terms of trade of developing countries should have been more balanced in the treatment of the various factors influencing them, such as the prices of energy, of manufactured goods and of raw materials. Greater emphasis should also have been placed on the fact that the least developed countries had suffered losses in both their real income and their barter terms of trade.

112. He added that the description of structural change in the report did not take adequate account of the substantial changes during the last decade in the agricultural sector of many developing countries. For example, there was little reference to the fact that the grave scarcities that marked the 1972-1974 world food crisis had largely been overcome thanks to a substantial and continuing increase in food production in many developing countries (though the situation remained serious in certain parts of the world, especially Africa). There was a growing international consensus, always strongly supported by EEC, on the need for well co-ordinated national and international action to promote agricultural development and ensure world food security. In that context, the prime importance of providing farmers with the necessary price incentives, adequate investment funds and appropriate technological inputs should not be forgotten.

113. Turning to the financial environment, he drew attention to certain positive features of the last few years, such as the 13 per cent annual IMF increase from 1975 to 1981 in multilateral assistance, the substantial rise in IMF lending and the

evaluation of the criteria governing such lending, and the resourcefulness of private financial institutions in expanding their lending. However, in the current situation the dominant factors were now unfavourable. He referred in particular to the critical situation facing the multilateral financial institutions, the stagnation of bilateral aid flows, the injurious effects of the high cost of borrowing, currency fluctuations and the fall in the export earnings of many developing countries. The Community's view was that a balance should continue to be sought between, on the one hand, steps involving IMF to reduce payments deficits and to re-establish international creditworthiness and, on the other hand, measures to promote longer-term domestic adjustment, including the aid and financing required for this purpose.

114. He believed that the analysis of structural adjustment in the report was based on a somewhat questionable definition of the concept in terms of what the report called irreversible trends, control over the use of resources and the framework of international rules. Structural adjustment was better described as a continuing process of economic adaptation, affecting all sectors and countries belonging to all socio-economic systems and at all levels of development. The extent to which Governments through their policies sought, or were able, to influence that process varied according to the degree of central control of the economy and the extent of reliance on market forces. The international community as a whole had a supportive role to play in that context by seeking to establish conditions of stability and transparency that would help ensure that the process was as harmonious as possible.

115. He considered that the analysis of structural adjustment in developed market-economy countries should not have been restricted to the manufacturing sector and should have included a discussion of the pace and cost (social as well as economic) of adjustment, an aspect which had greatly influenced the actions taken by the Governments of the EEC countries. Moreover, there should have been clearer recognition of the massive changes that had taken place over the last decade.

116. As regards treatment of structural change in developing countries, the report focused excessively on manufactures and external constraints, and took insufficient account of agriculture and domestic factors. For example, he could not accept that the probability that some developing countries might rapidly enter a food-deficit phase could be explained in terms primarily of the recession and the consequent downturn in trade. Moreover, the high rate of inflation in some developing countries was clearly due to a combination of external and domestic factors. He invited the secretariat to give a more detailed explanation of its belief that structural adjustment in the manufacturing sector had been retarded in developing countries, especially in the face of the success achieved by certain of the more industrialized developing countries through dynamic export strategies.

117. Concluding on the question of structural adjustment, he hoped that future reports would attempt to analyse in the same detail as for developed market-economy and developing countries the processes of structural adjustment in socialist countries.

118. Despite a modest increase in trade in agriculture and manufactured goods, he believed the present situation in world trade could be characterized as one of

stagnation. It partly reflected the efforts undertaken by the oil-importing countries - developing as well as developed - to adjust to the various shocks and changes of the last decade. Notwithstanding growing manifestations of protectionism, there had not been any substantial long-term shift away from a multilateral trading system. In that context, he noted that the countries members of EEC provided not only the largest market for developing countries' exports but also the most open one, and that over 90 per cent of the Community's imports from developing countries, including about two thirds of its agricultural imports, entered duty-free. These considerations should have been given more emphasis in the report than unsubstantiated estimates of "trade losses".

119. The Community believed that the dialogue taking place in UNCTAD should be designed to make possible a better understanding, first, of the effects on international trade of the principles, policies and practices of all countries and groups of countries and, second, of the ways in which these differing principles, policies and practices might be reconciled. In the context of holding protectionist tendencies in check and promoting further trade liberalization, the forthcoming GATT Ministerial Meeting would be facing great responsibilities and the Community would approach it in full awareness of the fact. He also drew attention to the growing importance of trade among developing countries, another subject that he hoped would be given more extensive treatment in future reports.

120. On the subject of the vulnerability of certain developing countries to fluctuations in commodity prices, he expressed strong support for continued efforts towards the stabilization of prices at fair and remunerative levels and the promotion of international co-operation in the broad area of commodity development. He hoped that the United Nations Conference on Jute and Jute Products, 1981, which was shortly to resume, would finally be able to reach an agreement, and that the preparatory work that was to be resumed in the coming months on some other commodities would also lead to successful negotiations. In that context, he noted that the Community and its member States were moving towards full and final ratification of the Agreement Establishing the Common Fund for Commodities.

121. In the field of money and finance, he said that there was some hope for a modest future expansion of borrowing from private capital markets, but that the present situation was none the less a matter of growing concern within the Community. Its member States remained committed to the overall official development assistance (ODA) target of 0.7 per cent of GNP, to the undertakings, including the 0.15 per cent target, set out in the Substantial New Programme of Action for the 1980s for the Least Developed Countries (SNPA), and to the objective of ensuring that the resources of the multilateral financial institutions, especially the International Development Association (IDA) and the United Nations Development Programme (UNDP), were effectively replenished. In addition, the Community believed that IMF should play an increasing role as the world's primary monetary institution and that its special responsibility in the fields of surveillance of exchange rates and balance-of-payments deficits should be strengthened. The Community welcomed the progress achieved at Toronto towards agreement on a substantial increase in the size of the Fund as a result of the ongoing review, which should result in an appropriate restructuring of Fund quotas.

122. In conclusion, he stressed that the sixth session of UNCTAD would provide an important opportunity for considering several of the major themes relating to global economic interdependence and expressed the hope that it would soon be

possible to launch the global negotiations. In UNCTAD it was necessary to continue striving to reach agreements that would help to restore economic growth and promote more rapid development.

123. The spokesman for the Group of 77 drew attention to the deteriorating world economic situation and the unfolding of a serious global economic crisis. The consequences of this grave and deepening development crisis were serious for the developing countries, and particularly for the most seriously affected and least developed among them, where growth had been arrested or was even negative. The Group of 77 welcomed the report as a serious contribution to the understanding of the crisis.

124. He noted that the prices of primary commodities, on which the majority of the developing countries still depended for most of their export earnings, had collapsed and were now at their lowest levels for the last three decades. Moreover, developing countries that exported manufactures were encountering increasing limitations on their access to markets in the industrial countries. In spite of the compression of their imports, which prejudiced their long-term growth, the current-account deficits of developing countries had continued to increase and now amounted to more than \$90 billion on an annual basis.

125. In recent years many developing countries had also witnessed an explosive growth of their external indebtedness, which for the group as a whole now exceeded \$400 billion. Much of their current borrowing from the private capital markets at excessively high interest rates was being used not for productive investment but to meet interest payments on past debt and to finance growing trade deficits caused by deteriorating terms of trade.

126. The worsening international economic environment had also given rise to serious concern among oil-exporting developing countries (many of which had hardly any natural resources other than oil), not only for the security of their financial assets against political and economic risks in the present international monetary and financial crisis, but also because of price developments for oil that had resulted in some of those countries becoming net capital importers and confronting them with increasing difficulties in carrying out the requisite structural transformation of their economies.

127. He drew attention to the marginal role played by multilateral financial institutions, such as IMF, despite the establishment of new facilities during the recent period of growing payments and debt-servicing problems for developing countries. The present crisis underlined the severe inadequacy and limitations of the existing international monetary and financial framework and had led to widespread recognition that the international financing and liquidity were grossly inadequate to meet even the minimum requirements of world trade and payments. However, the recently held annual meetings of the Bretton Woods institutions appeared to have produced a better understanding by developed market-economy countries of the current plight of developing countries. Though there had been some reconsideration of "conditionality", there did not as yet seem to be sufficient awareness in IMF of the vulnerability of developing countries to circumstances beyond their control.

128. He noted that in recent years most developed market-economy countries had relied exclusively on tight monetary policies to combat inflation, thus inflicting serious costs on the international economy, particularly the weak economies of the

developing countries. While the international disequilibrium, growing unemployment and slower growth had not so far led the developed market-economy countries to undertake competitive currency devaluations and to raise tariff barriers, as had happened in the depression of the 1930s, nevertheless in recent years those countries had resorted increasingly to various methods of protection, whose incidence was greatest for those developing countries with low-cost manufactured exports. Such methods of protection had included increased pressures to accept bilateral restrictions, outside the framework of internally agreed multilateral rules, and the erosion, and even the threat of total withdrawal, of preferences accorded under the generalized system of preferences.

129. He added that commodity markets were facing the most serious situation since the Second World War; by mid-1982, average dollar prices had fallen to levels as much as 27 per cent below those prevailing in 1980. The deepening world economic crisis was reflected in a decline in export volumes as well, with the result that the export earnings of developing countries in 1981 were estimated to have decreased by some \$8-10 billion. A further fall, by some \$5 billion, could be expected in 1982. Had IPC been fully implemented, if international commodity agreements were working satisfactorily, and had CFC already come into operation, this deplorable situation in commodity markets would have been avoided. As things were, the developing countries had borne, and were continuing to bear, a disproportionate share of the burden of readjustment in the international economy.

130. He added that the developing countries had primary responsibility for the development and structural transformation of their economies, and in that context the national and collective strategies to increase self-reliance through ECDC in various major areas were vital and would also contribute to the stability and growth of the world economy as a whole.

131. In the present serious economic situation the major task of the international community was to deal effectively with the structural and other defects of the prevailing international economic system, so as to create a new international economic order. In that context, he stressed the urgent need for a major review of existing international trading, monetary and financial arrangements, and the contribution that could be made by the global negotiations that had been called for by the General Assembly.

132. In the view of the Group of 77, comprehensive measures were urgently needed to reactivate the world economy as a whole and, in particular, the economies of the developing countries. Such measures would have the following objectives:

(a) A significant increase in the flow of financial resources to developing countries, in conformity with the proposals formulated in this regard in UNCTAD and other international forums;

(b) The liberalization of trade, so as to increase the exports of developing countries and improve their access to markets of developed countries. This would also entail measures of structural adjustment in the latter countries, designed to mitigate the effects of pressures for protection;

(c) Full implementation of IPC, and the setting up of a new compensatory financing facility in order to re-establish levels of remunerative prices for primary commodities;

(d) Full support by UNCTAD and by the international community as a whole for activities in the field of ECDC.

133. The representative of India stated that the current session was being held at a particularly important time of deepening world economic crisis. He welcomed the contribution of the second issue of the report and its predecessor to the consideration of the current economic crisis. The report was a technically sound document containing an objective analysis of the present world situation, the causal factors and the emerging trends. However, it was necessary to go beyond technical analyses and suggest concrete ameliorative measures in the form of policy guidelines. He hoped that, given its broad mandate, the UNCTAD secretariat would come out with a fresh approach and bold and realistic policy alternatives aimed at reversing the dangerous trends.

134. He noted that all groups of countries - developed, socialist and developing - had suffered from the crisis, though the nature and intensity of the impact might be different. He emphasized the interdependence of the problems facing different countries, which needed to be taken into account in efforts by the world community to solve them, particularly by the major industrialized countries.

135. The main problems of the developed countries were high inflation, severe unemployment and declining productivity. The temporary and short-term responses to these problems had worked more as palliatives. The multilateral trading and financing systems, which had been designed for the developed countries in the late 1940s, were proving grossly inadequate to tackle these problems.

136. He noted that, whereas the developed countries had reached a stage where they were able to absorb some shocks to their economies, the economies of the developing countries were too fragile to have such resilience. They were faced with slow growth rates, rapidly declining commodity prices, sharply deteriorating terms of trade, a constantly increasing burden of external indebtedness and a severe erosion of their purchasing power, as well as of their capacity to invest for their economic development. The report showed that the oil-importing developing countries had recorded a growth of only 1.5 per cent in 1981. The economies of the least developed countries, where on the whole growth had slowed down in the 1970s, had been stagnating for the last two years. Commodity prices had reached their lowest level for the last 40 years and the terms of trade of the oil-importing developing countries had declined by nearly 30 per cent during the last decade. The net resource transfer to the developing countries had declined in 1979-1980 and was actually negative in 1981.

137. He noted that, in order to sustain their economic development, the developing countries had to export in higher volumes to make up for losses on the terms of trade and inadequate resource transfers. That situation was certainly not leading the world towards the new international economic order; rather, it would condemn the developing countries to recede further down the economic ladder.

138. Commenting on criticism regarding efforts and policies of developing countries, he cited figures from the report showing that these countries had achieved domestic savings rates of 20-25 per cent of GDP. The consequent constraint on consumption had had important social and political impacts. Moreover, the heavy burden of indebtedness limited their room for manoeuvre. As to the charges of mismanagement of their economies, he was convinced that in present circumstances effective results were difficult to obtain, even under the most

efficient management. Acknowledging that the developing countries had primary responsibility for their own development, he referred to the programmes of ECDC that they had adopted. At its sixth session the Conference would have to address these important issues. The timing of the Conference was eminently appropriate, as the crisis was too deep to be left for consideration in the more distant future. In conclusion, he stressed the need for the world community to marshal all the modern resources now at its command so that it would not again fall into a deep economic abyss.

139. The representative of Iran regarded the report as innovative, reflecting appropriately the prevailing circumstances in the world economy. Leaving aside the question of whether the oil-exporting developing countries should be singled out from other developing countries, he noted that oil prices had for long been cited as an explanation of various changes in the world economy, in particular of world inflation. However, in spite of the recent decline in real terms in oil prices, there was no visible sign of any decline in the prices of manufactured goods imported by developing countries. Thus, he questioned the appropriateness of attributing world inflation to oil prices.

140. Referring to the discussions, in part IV, chapter 2, section C, of the report, on the deployment of investible assets, he noted with interest the reference made to the freezing of Iranian assets, which not only exemplified the dangers threatening the security of assets, but also demonstrated the difficulties and problems that a country could encounter after deciding to live free of external influence and manipulations.

141. Referring to table 68 of the report on concessional financial assistance from OPEC member countries, he noted that the data for Iran on assistance to other developing countries might be somewhat misleading, as much of the table failed to indicate that Iran had contributed more to the OPEC Fund than any other member of OPEC, whatever the criterion applied.

142. He could not agree with the statement in paragraph 500 of the report that Iran had turned from being a net supplier of capital to being a heavy borrower. Not only was it not a heavy borrower, it had lost confidence in the system of international borrowing and the institutions created by certain Powers for this purpose.

143. The representative of New Zealand laid stress on two themes of the report: the enduring malaise in the world economy, which was severely impairing the ability and motivation of both developed and developing countries to adjust, and the need for some serious rethinking about the main international economic institutions, created 40 years ago, to underpin the functioning of the world economy. The report rightly underlined a "catch 22" situation in its discussion of trade, adjustment and growth in which enduring recession accompanied a compelling need for structural adjustment, while itself reducing the capacity of Governments to carry it out.

144. He specially commended the report for identifying protectionism as a proximate cause, rather than a consequence, of many of the present economic difficulties. From that diagnosis the policy conclusion must be drawn that protectionism needed not only to be curbed but actually rolled back through a negotiating process. His country had had first-hand experience with protectionism in the agricultural sector for at least a quarter of a century, a fact that made nonsense of the idea that current levels of protectionism were a consequence of present economic difficulties.

Agricultural protectionism in major industrial economies was a long-standing consequence of social and other objectives, and had led to the protection of inefficient, high-cost domestic producers against lower-cost and less energy-intensive imports. There was a contradiction in the fact that agricultural protection had contributed to faster price inflation whereas the reduction of inflation was a major objective of national economic policy.

145. He noted that in UNCTAD and other forums New Zealand and a handful of other agricultural exporters had long spoken out against agricultural protectionism but that more recently an increasing number of exporters, including developing countries, had begun to protest about the adverse effects on their economies of agricultural protectionism. Discrimination against agricultural trade had been justified by the assertion that agriculture was somehow special or different. It was instructive to note the way in which this unsupported intellectual rationalization was now being applied to a growing number of other sectors, such as textiles.

146. He endorsed the emphasis in the report on the interrelationship between policy formation with respect to domestic and international matters, and on the key role of trade in the context of structural adjustment. Attempts to induce structural change behind high import barriers, encouraged in the agricultural sectors of several major industrial economies, did not constitute a recipe for the most effective utilization of resources.

147. He criticized the report for giving less emphasis than in the previous issue to the emerging diversity among countries and economies. Not all developed countries possessed comparable degrees of market power and capacity to influence structural or cyclical adjustment in the world economy. Indeed, some small, middle-income developed countries, which were highly dependent on international trade, possessed less influence in this connection than certain newly industrializing countries, while having to face payments problems in many respects similar to those of oil-importing developing countries.

148. He commended the report for emphasizing the interrelationship between trade and financial matters, stating that the character of current problems, which differed from those facing the framers of the Bretton Woods institutions, required a reappraisal of the adequacy of the existing systems of trade and payments. There was a need to return to first principles, as the Prime Minister of New Zealand had stated at the recent meetings of the Commonwealth in London and at the Bank/Lund meetings at Toronto. However, the need for a general reappraisal of the financial and monetary systems should not divert attention from the search for particular solutions to urgent current problems. He stressed that his country supported the safeguarding of the competence of the specialized multilateral institutions, but that that support did not imply a belief that the institutions themselves and the systems of rules that they upheld could not be improved.

149. The representative of the Federal Republic of Germany stated that he fully endorsed the statements by the spokesmen for Group B and EEC. The report was an important contribution to the preparatory work for the sixth session of UNCTAD, and he agreed with the spokesman for EEC that it would have helped if the relationship of the report to the work of UNCTAD had been clearer. The report again contained a multitude of data, analyses and evaluations regarding the present state of the world economy that gave rise for concern. The situation needed to be scrutinized carefully, since analysis was basic to finding possible cures. He considered it

the foremost tasks of the sixth session of UNCTAD to define the current economic situation of the developing countries, taking into account changed conditions, so that consideration could be given to possible ways of promoting the necessary adjustment process.

150. The report clearly illustrated the interdependence of the economies of the industrialized and the developing countries. Nevertheless, it would be wrong to think that all adverse developments in individual countries were attributable to external causes. The report tended to ascribe most of the problems of developing countries to the economic policy mistakes of the industrialized countries, whereas it regarded the difficulties of the developed market-economy countries as home-made. It gave insufficient weight to the influence of external events, especially the two drastic increases in oil prices, on the economies of the industrialized countries. To that extent the report was unbalanced. Moreover, when analysing the present situation, it must not be overlooked that the free-market system prevailing in most of the world economy had led to unparalleled growth during the three decades since the end of the Second World War, not only in the industrialized but also, and more particularly, in the developing countries, the rate of growth of which had been higher in recent years than in industrialized countries. However, the developed market economies had not succeeded in eliminating economic fluctuations entirely, despite all the refinements of the instruments of economic policy. Further improvements seemed necessary.

151. Commenting on the report's criticism of the anti-inflationary policy pursued by industrialized countries during the past few years, he stated that this policy had been necessary not only to ward off the dangers of high rates of inflation but also to facilitate adjustment to changed external conditions. Inflation, apart from its undesirable social effects, impeded considerably the accumulation of capital, and thus also investment, in the third world. He added that his Government shared the report's criticism of the recent very high interest rates.

152. He stated that the report seemed to be somewhat one-sided in calling only on the industrialized countries to make additional efforts to support the developing countries, while hardly mentioning the need for developing countries themselves to make further contributions to their own adjustment process. Adjustment was also painful for developed countries, as the insolvency of firms and rising unemployment in his country had shown.

153. He did not agree that the spirit of international co-operation was on the wane. It was still in evidence, as was demonstrated by the operations of IMF, which had recently benefited primarily the developing countries, as well as by the continuance of official development assistance. Although it was true that ODA to developing countries in 1981 had been somewhat lower than in 1980, a number of industrialized countries, in spite of serious budgetary difficulties, had increased their ODA. That was true of his own country, which had been able to raise the level of its ODA to 0.45 per cent of GNP.

154. He added that international co-operation continued also in the field of trade. Access by developing countries to markets had in general been maintained, although it had to be recognized that barriers to international trade were increasing. One such barrier was the Multifibre Arrangement (MFA), which his Government did not especially favour but had signed because it felt that structural adjustment must be cushioned, so that uncontrollable social problems could be avoided, and because measures taken individually by countries, in the absence of a

multilateral framework, would be even more harmful. He noted that exports, particularly of manufactures, from non-oil-exporting developing countries had increased in recent years. In the case of exports to his country, their share in its total imports of manufactures had risen from 4.1 per cent in 1972 to 7.7 per cent in 1981. However, protectionist trends were becoming stronger in most industrialized countries in the wake of rising unemployment. He hoped that the forthcoming GATT Ministerial Meeting and the sixth session of UNCTAD would confirm earlier declarations on the need to ward off such trends.

155. While the introduction and overview of the report offered a number of interesting ideas, he could not subscribe to the statement that the world trading system had recently retarded the pace of structural adjustment in developed market-economy countries. That did not hold for his country, as demonstrated by the figures he had just cited. Its trade balance with non-oil-exporting developing countries had mostly been negative in the last few years. Commenting on the assertion that the monetary and financial systems were evolving to the detriment of the developing countries by forcing more rapid adjustment upon them, he said that only one aspect of a very serious problem had been mentioned. The recent annual meetings of the Fund and the Bank at Toronto had looked seriously into this question and had laid the ground for a further strengthening of multilateral support mechanisms.

156. In conclusion he stated that, while he had expressed some critical comments on the report, he nevertheless considered it an important contribution to the work of the Board. He concurred entirely with the conclusions of the report that everything possible must be done to strengthen the system of multilateral co-operation and to use it for promoting the economic development of developing countries.

157. The representative of Sri Lanka welcomed the broad coverage of the present economic situation in the report, which contrasted with the coverage in many other reports on similar matters recently issued by other multilateral organizations, which covered their own special concerns. The picture of the worst crisis facing the world economy since the Great Depression of the 1930s was grim and bleak. The particular problems facing developing countries in that context included collapsing commodity prices, proliferating restrictions on their exports of manufactures, greater difficulties in access to capital markets, and reduced bilateral and multilateral aid. He also drew attention to parts of the report referring to the policies (especially in the monetary field), adopted by certain developed countries, that had the effect of exacerbating and prolonging the recession. While the resort to doctrinaire monetarist policies had had some success in achieving the limited objective of reducing inflation, other repercussions had been catastrophic - namely, historically higher interest rates, a slow-down in economic activity and a large increase in unemployment. In an interdependent world the effects of these policies had also been transmitted to the developing countries in such forms as reduced demand for the products they exported, especially primary commodities, and greater protectionist pressures in developed countries in response to their higher rates of unemployment.

158. He noted the distinction drawn by the report between the impact on developing countries of the recession of 1974-1975 and that beginning in 1979. During the first recession, certain developing countries, particularly exporters of manufactures, had been able to achieve some measure of adjustment by increased exports. The availability of international finance had helped exporters of primary

commodities to tide over their difficulties. During the current recession, however, the options open to developing countries had been much reduced, since the prospects for borrowing from international capital markets had been adversely affected by the size of developing countries' accumulated debt and by high interest rates, while their exports were being held back by increased protectionism.

159. He commented on the report's treatment of the current world trading system, which had become increasingly discriminatory and restrictive. Now that successive rounds of tariff-cutting negotiations in GATT had reduced average tariffs to very low levels and the current system of flexible exchange rates had reduced the importance of those tariffs that remained, many countries had resorted to voluntary export restraints and market-sharing arrangements, often imposed outside multilaterally agreed safeguard procedures, the classic example being MFA. The formulation of guiding principles for the conduct of international trade relations and negotiations appeared to be urgent.

160. Turning to lending policies of the multilateral financial institutions, he noted that IMF and World Bank policies and practice had been somewhat modified over the past few years, though there was now apparently pressure from certain quarters to reimpose an earlier version of "conditionality". Although it was more widely recognized that a large part of the deficits of the non-oil-exporting developing countries was due to factors beyond their control and that adjustment policies should take account of that consideration and of the domestic social and political objectives of member countries, the report nevertheless raised the question whether this recognition had gone far enough. For example, a number of developing countries had recently been unable to meet the performance criteria established under IMF stand-by and extended facilities and were therefore unable to continue drawing on the Fund to overcome difficulties caused by deteriorating world economic conditions. The other matter, which was now assuming worrying proportions for the low-income developing countries (including his own country), was the shortfall in IDA commitments, due to a decision by a major donor to phase in its contributions to the Sixth Replenishment over a four-year, rather than a three-year period. The countries that borrowed from IDA and that would suffer most from any reduction in its lending were already hard pressed and had no access to private capital markets.

161. The precarious position of developing countries that were primarily exporters of commodities (such as his own) was reflected in the fall of the combined index of commodity prices in real terms to about the same level as in the early 1960s. Indeed, for many individual commodities, such as tea and rubber, prices were now lower than in 1960, in some cases substantially lower. The consequences of such movements could be illustrated by the fact that a developing country now needed to sell 13 tons of tea to buy an imported tractor, compared with only 5 tons a decade ago. By tending to discourage stockbuilding, high interest rates had still further weakened demand.

162. Faced as they were with high borrowing costs in the capital markets and levels of concessional flows that were adversely affected by the reduction of lending by multilateral financial institutions, a number of developing countries had no alternative but to either run down their meagre reserves or adopt policy measures to restrict internal demand. The effect of deflationary measures on the political and social fabric of these already poor developing countries was disastrous, and there was a danger that existing and future social welfare programmes would be seriously impaired. The calls for financial discipline to be exerted by those developing countries that were under most pressure sounded hollow and cynical in a

situation characterized by large budget deficits and an unwillingness to make adjustment in sectors such as textiles and agriculture in certain developed countries.

163. He believed that the current crisis was of global proportions and the degree of interdependence was greater than ever before, since the developing countries were no longer peripheral to the world economy but an integral part of it. Global approaches to the development crisis and a collective management of interdependence were therefore required. There was a need for a re-examination of the Bretton Woods system as part of a movement towards a system that would facilitate and support global growth and development. There was also a need to resurrect the spirit of international co-operation and to counteract the growing resort to bilateralism and discrimination in international trade relations, which was submerging the principles of multilateralism and non-discrimination that had been the guiding light in earlier years. Such international co-operation should also include financial and monetary relations, where there had recently been a tendency to ignore the effects on the poor countries of restrictive and ad hoc policies.

164. The representative of France said he found the report a stimulating and original contribution to the analysis of the world economic and financial situation, although he did not agree with all its conclusions. Moreover, it was regrettable that, for the second consecutive year, the report was not available to the Board in all the official languages. That was contrary to both the spirit and the letter of General Assembly resolution 36/117 B. Furthermore, the report was based on studies from only a limited number of countries or institutions, and he hoped that in future the secretariat would draw on research carried out by economists from a wider range of countries.

165. Confining himself to some of the more important and worrying aspects of the present crisis, he noted that, as was evident at the recent annual meetings of the World Bank and IMF, the financial system was facing its most serious crisis since the foundation of the Bretton Woods institutions. It was reflected in such phenomena as monetary disorder, historically high rates of interest, huge payments deficits and a vast accumulation of foreign debt. He commended the report for its emphasis on these matters, in particular the payments deficits of developing countries and the growth of their medium- and long-term foreign debt and the resultant debt-service burden. However, he also noted that the report had little to say about the short-term debt of developing countries, which was now estimated to amount to \$200 billion. The size of these figures raised important questions concerning the capacity of market forces to provide financing on the necessary scale, a point which was not fully addressed in the report.

166. He added that both debtors and creditors bore responsibility for these excessive levels of debt. As the President of the World Bank had pointed out, most developing countries had shown remarkable discipline in the way in which they had faced the shocks of the 1970s. However, in some cases insufficient efforts had been made to limit the accumulation of debt to reasonable levels. On the lending side, the growing use of credit from commercial banks was a source of concern for two reasons. First, the relatively short maturities of such loans were inappropriate for the long-term financial requirements of developing countries. Second, the rise in interest rates, together with the recent strengthening of the dollar, had increased the costs of such debts. His delegation was particularly interested in the figures cited in paragraph 51 of the report, which showed that the rise in rates since 1978 had itself been responsible for an increase in

interest payments on the medium- and long-term debt of developing countries in 1981 of \$11.5 billion. The report also indicated that each percentage point rise in interest rates increased developing countries' annual interest payments by \$2 billion. He believed that the recent annual meetings of IMF and the World Bank showed that there was now a wide appreciation of the dangers of the current situation and of the need for new measures in the area of the transfer of resources.

167. He noted that several aspects of the transfer of resources to developing countries were discussed in the report, some of which were sources of concern to his delegation, such as the greater dependence on private flows for payments financing and the fall in ODA from countries members of the Development Assistance Committee (DAC) as a proportion of GNP, despite the greater efforts of some of these countries. For its part, France had increased its ODA from 0.35 per cent of GNP in 1980 to 0.46 per cent in 1981. The report also noted the recent falling off of ODA from the countries members of OPEC, though it was still at a high level. He regretted that the report had not devoted more attention to the weak aid performance of the socialist countries of Eastern Europe.

168. The report had correctly focused on the key role of IMF. Although the primary function of the Fund was not the provision of development finance, various recent measures, such as the creation of new facilities, the enlargement of drawing rights in relation to quotas and the new definition of conditionality, had made it possible for it to respond more effectively to the needs of developing countries. However, it would have been interesting to have had a fuller analysis of the question of how the new rules on conditionality worked in practice. He emphasized that conditionality was indispensable to the interests of developing countries, but needed to be defined in a more realistic and pragmatic way.

169. His delegation was, on the other hand, extremely concerned at the threatened reduction of programmes of IDA and UNDP. For example, the 35 per cent cut in the activities of IDA came at a time when the financing needs of developing countries were particularly acute. His country had put forward concrete proposals concerning IDA, and he hoped that the creation of a Special Fund and a Special Account, agreed upon at Toronto, would make possible at least a partial solution to the IDA crisis.

170. Commending the secretariat for its treatment of the growing interdependence in international trade of developed and developing countries, he emphasized the extent to which markets in developing countries supported growth in developed countries. However, it was also important to note that economic slow-down in developed countries and the reduction in demand for primary products turned the terms of trade against developing countries. The report also correctly focused on the menace of protectionism, especially the insidious forms that it now often assumed. However, certain measures under this heading, such as time-consuming bureaucratic procedures and the abuse of sanitary regulations and technical standards, might have been described in more detail. No country, whatever its economic and social system, had a monopoly of such practices. Nevertheless, it was noteworthy that Governments were making efforts to resist protectionism, and that non-oil-exporting developing countries had managed to increase their exports at a rate higher than the world average.

171. More worrying than trends in the volume of exports from developing countries was the fall in their prices. The report rightly emphasized the worsening terms of trade of developing countries but might have discussed in more detail its causes. The fall in the prices of primary commodities had been particularly serious for

certain countries, some of which had experienced decreases of as much as 50 per cent in their total export receipts. While these price falls were partly due to the economic crisis, they had been aggravated by the disorganized state of commodity markets, speculation and the absence of regulatory mechanisms. The present situation provided ample testimony to the urgency of bringing CFC into operation.

172. In conclusion, he referred to the respective roles in the development process of the external environment, on the one hand, and national domestic policies, on the other, a question of such importance that it merited special study in the next report. The role of national policies was crucial, since every country had the right to choose the policies most appropriate to its socio-economic structure. However, several aspects of the international environment had consequences for developing countries, some of them favourable and some harmful. At present, almost all elements of the external environment tended to work against the developing countries and it was therefore a major task of national policy to mitigate their effects. The success of such efforts depended on the particular policies adopted and on conditions in the countries carrying them out, and it was clear that the poorest countries were generally in the weakest position in that regard.

173. The representative of Hungary said that his country viewed the present situation with growing concern. Factors inherent in the capitalist system were at the root of the present crisis and, in response to it, Governments were tending increasingly to give way to protectionist pressures exerted by national interest groups. Such concessions were especially alarming, since they were influencing legislation in countries whose economic weight was of decisive importance. His country, which was a small country heavily dependent on foreign trade, had been compelled to take temporary measures to defend its balance of payments. It wished to continue to contribute in every possible way to restoring a normal situation, avoiding disturbance of international economic and financial relations, and to apply fully international rules and standards while at the same time aiming at closer integration into the international division of labour. This wish was indicated by the contractual obligations that his country had taken upon itself on its accession to GATT. Those obligations, however, were balanced by the obligations of the other contracting parties to GATT, as embodied in the General Agreement and in the Protocol for the Accession of Hungary.

174. Hungary's intention to achieve a closer integration into the international division of labour was not a one-way affair. External economic situations beyond the control of his country had to be taken into account, as well as protectionist and discriminatory measures inconsistent with contractual obligations, which were affecting 65 per cent of Hungary's exports to the developed market-economy countries and had caused a loss to it of more than \$300 million a year (1.3 per cent GNP). He drew attention to a recently issued UNCTAD discussion paper dealing with the impact of non-tariff barriers on socialist countries 8/ and pointed out that among not only the socialist countries of Eastern Europe but also the developing countries his country had been the most severely affected by the non-tariff barriers to trade applied by the developed market-economy countries.

175. That situation had two important consequences. First, it greatly impaired his country's capacity to transfer resources to developing countries. Second, the readiness of his Government to participate in various schemes and to accept various resolutions would be conditioned by the extent of the support and co-operation that his country encountered in its attempts to eliminate barriers to its trade. His

Government had drawn attention to the abortive disputes lasting many years as to whether substantive issues in East-West trade should be discussed within the framework of UNCTAD (in spite of the clear mandate of UNCTAD in that area). It regretted that the possibility of having meaningful discussions on this subject had thus been denied in practice. As the sixth session of UNCTAD approached, his Government would have to assess the value of UNCTAD not only to the world but also to Hungary. It would judge the activities of UNCTAD not by the mere number of declarations in support of the development and liberalization of international trade but rather by the concrete measures and decisions that it adopted on the question.

176. The representative of Austria expressed his appreciation of the report, which provided a sound basis for thorough reflection on the developmental aspects of the present world economic situation. His country had welcomed this new initiative of UNCTAD from the outset, and found the second report to be particularly interesting and of excellent quality. He concurred with the sombre picture of the world economy that the Secretary-General of UNCTAD had so eloquently described in his opening statement and that was also analysed in the report. While he agreed that the worsening situation of national economies resulted from a wide range of factors, and that the economic setbacks in the developing world were primarily caused by external influence, he regarded the view expressed in the report that the crisis was solely a "product of the malfunctioning of the economies of the developed market-economy countries" as somewhat simplistic. The real problem lay in the late recognition of the interdependence of the world economy, which resulted in a lack of timely and concerted efforts to adjust global economic structures. The analysis made in the report indicated that foreign trade remained the key growth factor in a vast number of developing countries with which Austria, as a small trading nation, shared an interest in maintaining an open world trading system.

177. Focusing on the findings of the report that export earnings from primary commodities constituted the primary source of foreign exchange for the majority of developing countries, especially the least developed among them, he noted that the collapse of commodity prices was a matter of serious concern. Although a substantial recovery of commodity markets was not in sight, Austria believed that the entry into force of the Agreement Establishing the Common Fund for Commodities could alleviate some problems in the commodity field and had consequently initiated parliamentary procedures for ratification of the Agreement. In spite of early ratification of the Agreement, he noted that provision of substantial ODA to the least developed countries would continue to be necessary to enable them to achieve sustained growth and diversification.

178. His country appreciated the inclusion in the report of discussions on energy and concurred with the view expressed in it that an acceleration of economic activity would, in all likelihood, lead to rising energy prices and a subsequent slow-down of economic activity. Austria therefore favoured intensification of energy conservation efforts and the development of energy alternatives and energy-saving technology.

179. Recent developments had indicated that problems of money and finance played a central role in the deterioration of the world economic situation. He noted that interdependence was more obvious in that field than elsewhere, and that the report had correctly stressed the vicious circle constituted by mounting large-scale indebtedness, high interest rates and increasing difficulties of debt servicing. The present financial crisis had serious repercussions on international trade. The

absence of stability in monetary relations was particularly detrimental to the smaller and weaker partners in international trade. While the international financial institutions had, in recent years, mitigated these strains and stresses to some extent, he believed that further measures would be essential. In that context, Austria was in favour of additional support for IDA. Moreover, maintaining and improving ODA flows seemed imperative in the present economic and financial situation of most developing countries.

180. Austria believed that ECDC could and should contribute substantially towards the expansion of, and a more equitable participation in, world trade. While the report contained interesting material on trade among developing countries, especially in primary commodities, he considered that the growing importance of those trade flows merited a broader analysis in future reports.

181. Commenting on the discussion on armaments expenditure and development in the report, he drew special attention to the information it contained to the effect that some 570 million people in developing countries were malnourished, 800 million adults were illiterate, 250 million children did not go to school and 1,500 million people had little or no access to medical services, while world military expenditures were about 15 to 20 times greater than the amount of ODA given to developing countries in 1980. Other figures showed that some 10 per cent of various raw materials (the majority of them non-renewable) were used for military purposes, and that up to 20-25 per cent of the world's scientific and research activities were directed towards that purpose.

182. The representative of China said that the opening statement by the Secretary-General of UNCTAD, which gave an analysis of the current international economic situation and pinpointed the issues confronting the Board, together with the useful analysis in the report, would facilitate discussions at the current session on the pressing issues in the field of trade and development.

183. The current recession in world economy was having grave effects on international trade, which in 1981 had declined in value for the first time since 1958. The developed countries had not yet emerged from their economic recession; output was stagnating and unemployment was becoming increasingly serious. The rate of inflation was still high and the monetary scene was marked by very high interest rates and instability. In the short run it would be difficult for the developed countries to put an end to stagflation.

184. He pointed out that developing countries were in an even more difficult situation. The further drop of 15 per cent in the export price index of primary products in 1981 had cut their export earnings drastically. Protectionism had slowed down the growth of their exports of manufactures, which in 1980 accounted for only 9 per cent of world trade in manufactures. These factors, coupled with the effects of fluctuating exchange rates and high interest rates, had added to the heavy debt burden of the developing countries.

185. Unfortunately, there were serious obstacles to improving international economic relations. Despite major efforts since the Cancún Summit by many developing and developed countries to advance the North-South dialogue, it remained in a state of deadlock because a major developed country lacked political will and continued to stick to its rigid position. The global negotiations had not been launched and economic negotiations in other international forums were also at a standstill.

186. He noted that the sixth session of UNCTAD would be held at a critical time and supported the view of developing countries that the opportunity should be used to seek agreement on the promotion of an equitable pattern of international trading relations. He also supported the view that UNCTAD should have a negotiating capacity in the field of international trade. The basic objective of the sixth session of UNCTAD should be to stimulate the revitalization of the world economy and provide an impetus to the establishment of the new international economic order. Thus, priority should be given to the solution of the major economic problems faced by developing countries. Due consideration should also be given to the question of structural changes, for it was only through such changes that the way would be clear for the smooth development of the developing countries.

187. He added that the commodity issue should be treated as a priority item at the sixth session of UNCTAD, in view of the present situation and the poor export prospects. The Conference should focus its deliberations on the overall implementation of IPC and should formulate concrete measures aimed at increasing the capacity of developing countries to process their primary products and at improving their participation in the marketing and distribution of those products. He also hoped that progress could be made at the Conference in finding solutions to the problems of protectionism and structural adjustment, which were both obstructing the expansion of world trade and seriously affecting the exports and industrialization of developing countries. Solutions to those problems should be accompanied by reforms of the existing rules, regulations and institutions of international trade.

188. He stressed that ECDC was an integral part of the new international economic order. The slow progress in North-South negotiations underlined the urgency of strengthening such co-operation. ECDC would contribute to the collective self-reliance of the developing countries and could pave the way for world economic revitalization. He was pleased to note that, following the adoption of the Caracas Programme of Action by the Group of 77, the promotion of ECDC had been assisted by the New Delhi Consultations and the recently concluded meeting of the Co-ordinating Committee of the Group of 77 at Manila. As a developing socialist country, China attached great importance to ECDC and would continue to strengthen its economic co-operation with other developing countries.

189. In concluding, he stated that the policy of opening up to the outside world that China had adopted at the end of 1978 to accelerate socialist modernization was a firm strategic guideline for the country. Adhering to the principle of independence and self-reliance, China would continue to develop economic and trade relations with other countries on the basis of mutual respect for sovereignty, equality and mutual benefit.

190. The representative of Iraq noted that the secretariat of other international agencies concurred with the assessment of the UNCTAD secretariat that there were no prospects of world economic recovery in the near future. That situation continued to prevail owing to the absence of political will in developed countries to solve problems on an equitable basis, despite the existence of valuable opportunities to arrive at practicable solutions within the context of a new international economic order. Developed countries continued to resort to temporary solutions at the expense of longer-term ones, wasting much time on discussion of the energy question, and neglecting other important topics, such as the policies of the developed countries themselves, which were demonstrably responsible for the stagnation of the world economy. Since the developed countries generated

70 per cent of world output and their economies were characterized by favourable terms of trade, they should bear the biggest share of world economic adjustment.

191. His delegation supported the linking of the export prices of the developed countries to those of the primary products exported from developing countries. It also favoured a just solution to the problem of indebtedness of developing countries, including an increase in ODA, and said that the sixth session of UNCTAD would be a valuable opportunity to reach specific decisions that would contribute to restoring balanced economic growth for both developed and developing countries.

192. While his delegation generally commended the report, it had certain suggestions for future reports. First, he hoped that an attempt would be made to remove certain discontinuities in the statistical series used to indicate the economic performance and growth of developing countries. Second, more emphasis should be placed on ECDC, especially the financial assistance given by oil-exporting developing countries to other developing countries. Third, the classification of developing countries should be made according to income levels and not according to whether they were oil-exporting or oil-importing countries, a distinction that was not made for developed countries.

193. The representative of Poland emphasized that international developments must be viewed in the context of the interdependence of world economic processes, particularly during the current slow-down in world economic growth. He commended the report, which provided a wide-ranging and thorough analysis of the complexities involved in the development and causes of global economic interrelationships. Poland strongly supported this secretariat effort and hoped it would continue.

194. He was convinced that the concept of interdependence could be extended in future studies to encompass all closely-linked and mutually-affected flows, while recognizing the special position of developing countries in the world economy.

195. The report rightly stressed that developing countries were growing in importance as markets for manufactured exports from the developed market-economy countries, especially during the present economic slow-down. Also notable was that the growth of exports from the developed to developing countries during 1974-1975 had mitigated the serious negative effects of deep recession in the developed capitalist world, and that the increase in developed countries' exports to the socialist countries of Eastern Europe in the same period had exceeded the industrialized countries' trade among themselves. Against that background, a more comprehensive analysis of the complex problem of interdependence should be attempted in future reports.

196. Recent economic events indicated not only that the domestic demand of Western economies had experienced structural slow-down but also that trade in manufactures among them had exhausted its growth potential. External outlets had thus begun to feature importantly in generating compensatory demand vital to their recovery. A vigorous external demand for OECD manufactured exports that, under present circumstances, constituted the most obvious source of recovery in world trade depended on two principal factors - facilitation of market access and purchasing power transfers. The report and other secretariat studies amply demonstrated that access to markets had been increasingly hampered by intensification of protectionism of an increasingly discriminatory nature, including discrimination against goods for which developing or socialist countries had become significant exporters.

197. He stressed that socialist countries were particularly discriminated against by the developed Western countries, to the detriment of the proper functioning of the interdependent international economy, and that the elimination of such restrictive trade practices was a basic premise of the new international economic order. He noted that, since there existed in both developing and socialist countries structural deficiencies in productive capacities vis-à-vis growing domestic demand that limited their capacity to export, some redistribution of import purchasing power on a global scale was indispensable if imports were to play a more significant role in dynamizing the international economy.

198. In that context, he expressed concern over the growing restrictiveness and unpredictability of the recycling process and the inadequacy of the international financial system in that process. A reform of international financial relations was thus necessary to enable the international financial system to cope successfully with the problem of recycling in a way that would be conducive to the recovery of the world economy. One element of this restructuring of international financial relations was tackling the creditor's approach to debt renegotiation. He cautioned that the usual practice of obliging debtors to curtail imports so as to generate a current-account surplus for debt-servicing purposes must be avoided. Pursuit of the practice could result in slowing down production and reducing export potential, thereby further endangering the capabilities of debtor countries, to the detriment of creditors.

199. He noted that some Western capitalist countries had increasingly resorted to economic measures to achieve political ends, a phenomenon rightly reflected in the USSR memorandum presented to the current session of the Board (TD/B/924). The report indicated, in paragraph 339, that such actions had already resulted in a serious slackening of East-West trade. He noted that the employment of economic means for political ends was not directed solely against socialist countries. In recognizing the undermining influence of politically inspired restrictions on the international trading system it was imperative that the United Nations, and especially UNCTAD, should play a greater role in countering such restrictions. He hoped that this matter would be sufficiently considered during the present debate and in the next issue of the report. Efforts to construct and strengthen a system of confidence-building measures in the economic area were indispensable to the development of international economic co-operation based on security, predictability and equal rights for all participants.

200. In spite of its economic difficulties, he said Poland would spare no efforts in increasing economic collaboration with all countries, regardless of their economic and social systems, and hoped that its efforts would be reciprocated.

201. The representative of Argentina stated that the world economy was passing through its most difficult period since the Second World War not only in economic terms but also with respect to the limited range of policy options available. What had begun as a cyclical crisis in the 1970s had deepened into a crisis of the entire international economic, financial and trading system. It was a global phenomenon that affected all countries, but the hardest hit were the developing countries, particularly those with the most limited resources at their disposal to deal with it. He underlined the gravity of the situation by citing growth rates for a number of regions in 1980 and 1981.

202. The global recession was accompanied in the developed market-economy countries by demand restraint aimed particularly at restricting consumption. The use of monetary policy to that end had resulted in high rates of interest, whose impact

was felt far beyond the countries adopting such policies. The use of generally deflationary policies had also resulted in changes in the pattern of consumption, which had depressed the demand for primary commodities to the detriment of the developing countries.

203. Not only was international trade stagnating in volume terms, but also the prices of primary commodities had fallen precipitously. Trade in manufactures had grown in value terms in 1981, primarily because of the demand of developing countries for manufactures originating in both developed market-economy countries and the developing countries themselves. That underlined the growing importance of markets in developing countries. Unfortunately, while exports of manufactures from the developed market-economy countries continued to find a ready market in the developing countries, exports of manufactures from those countries faced proliferating forms of protectionism, constituted not only by conventional tariff and non-tariff barriers but also by voluntary export restrictions, minimum price agreements and the like. Such restrictions were often accompanied by export subsidies in open violation of GATT rules and procedures.

204. The use of economic or trade restrictions for purely political reasons was an additional factor of instability in international economic relations and indeed in international relations in general. Such measures, which in his view had no international legitimacy, had been applied against his own country and had called forth a renewed commitment by the Latin American community to collective self-defence against economic aggression.

205. The panorama would not be complete without considering the extremely grave problem of the debt and payments situation of the developing countries. The current-account deficits of the oil-importing developing countries had risen even higher, while the volume of debt had increased alarmingly. The servicing of the debt had been aggravated by the extremely high interest rates prevailing in international capital markets. In fact, the burden was so high that much of the new debt was incurred simply to service past debt and was not available to finance essential imports. That was a particularly serious problem for the least developed countries. The problem of excessive debt service, combined with depressed commodity prices and growing protectionism, was particularly acute for the developing countries that had chosen a development strategy in the 1970s that involved opening up their economies to imports. In fact, that group of countries had experienced negative GDP growth in 1981.

206. In that context, the decisive factor was the political will of Governments to find adequate and timely solutions to the present crisis. By the time of the sixth session of the Conference three events of the utmost importance would have taken place. The first was the GATT Ministerial Meeting which, it was to be hoped, would result in more universal, equitable and transparent rules that would facilitate greater participation by the developing countries in world trade. The second was the implementation of decisions taken at the recent annual meetings of the World Bank and IMF and, hopefully, the adoption of additional adjustment measures to ease the external constraints that were now so acute for many countries. The third was the launching of global negotiations, in which UNCTAD would certainly be called upon to play a role consistent with its mandate.

207. The principal responsibility of Governments in the interim was to lay the groundwork for the Conference in the regional meetings, the special session of the Board and the practical organization of the preparatory work for the Conference.

208. He concluded by referring to the role of UNCTAD in support of ECDC, stressing the importance of finding a solution to the present impasse. ECDC was an integral part of the developing countries' efforts to achieve collective self-reliance that were of fundamental importance to international economic development and to world economic recovery. While the principal responsibility for ECDC lay with the Governments of developing countries that decided to carry out programmes of co-operation among themselves, such efforts deserved the support of the international community. UNCTAD had played a key role in that respect, and it was important to find the means for it to continue to do so in the future.

209. The representative of the German Democratic Republic said that the report provided a good basis for continuing the debate commenced at the fifth session of UNCTAD on the world economic situation and its prospects. In view of its late distribution, his delegation could express only preliminary comments on the report. It considered that the secretariat had made an ambitious investigation of developments in important areas and sectors of the world economy. It covered significant processes and phenomena inherent in the world capitalist system and marked the limits set to the traditional capitalist division of labour and the market mechanism in general, so far as the settlement of the essential problems of economic development were concerned. It pointed out the dependent position of developing countries, the negative effects on the economies of those countries of policies in developed market-economy countries and the role of international financial institutions dominated by imperialist forces, such as IMF, in the implementation of policies that were contrary to the interests of developing countries. The report furnished proof that the crisis of the world capitalist economy was not merely of a cyclical nature but resulted from the system itself.

210. He noted the references in the report to the politically motivated restrictive trade and credit policy pursued by imperialist countries vis-à-vis socialist countries and emphasized that the policy of boycott and sanctions implemented, for instance, by the United States not only might be considered an element hampering international trade but also was incompatible with the principles and objectives governing international economic co-operation, as set out in the Charter of the United Nations and in the Final Act of the Conference on Security and Co-operation in Europe. In that connection, he welcomed the memorandum entitled "Obstacles to the development of contemporary trade and economic relations" that had been submitted by the Soviet delegation (TD/B/924). That document aimed at facilitating the normalization of international economic relations and made clear that a politically motivated discrimination in international trade and economic relations was of no use to either side but would lead to a further deterioration in these relations.

211. His delegation felt that future reports should also attach primary importance to investigations carried out by the UNCTAD secretariat on the problems he had referred to and agreed with the ideas expressed in the report that UNCTAD, in its future activities, should pay special attention to growing protectionism by imperialist countries. The elimination of the dominant position of transnational corporations in international economic relations constituted one of the major targets for establishing a new international economic order based on equal rights. However, few references to that matter were to be found in the report. Future reports should pay greater attention to investigations of the adverse effects of the activities of transnational corporations in international trade.

212. Noting that a separate chapter of the report was devoted to disarmament and development, he said the negative effects of the stepped-up arms race on the economic development of all countries, as well as on international economic co-operation, had been pointed out convincingly, and he considered the incorporation of this complex subject into the analysis of international economic relations an essential step. The chapter offered numerous starting points for commencing further activities of UNCTAD in this field, and he supported the proposals made in connection with the Board's consideration of agenda item 10 (c) on the trade and economic aspects of disarmament.

213. A clearer reflection in the report of the causes and connections in some of the analyses of interrelated phenomena would have been desirable. Nevertheless, he unreservedly advocated the preparation of future reports as a basis for work in UNCTAD.

214. His delegation had already stated at the twenty-fourth session of the Board that certain quarters had recently intensified their efforts to carry out a policy of confrontation in international economic relations. The measures of boycott and blockade they had taken against socialist countries could only be considered an open declaration of economic war. The serious consequences of the protectionist measures and trade obstacles imposed previously by capitalist countries had multiplied, owing to these additional disturbances. Additional uncertainty had thus been brought into international trade relations, which would adversely affect above all developing countries and, especially, the least developed countries.

215. The attempt made by the United States to exercise economic and political pressure on Western European countries and Japan was well known, and the response of those countries spoke for itself. The past had shown, and the future would prove, that any attempt to abuse international trade relations for political extortion would have fateful effects on those responsible for them.

216. At the thirty-sixth meeting of the session of the Council for Mutual Economic Assistance (CMEA) his country, together with the other member countries, had resolutely condemned the attempts made to turn world trade into an instrument of political extortion and economic warfare. The CMEA member countries had reaffirmed their determination to intensify co-operation among the countries of the socialist community and thus to support further their continuous economic and social development. Moreover, they had once again stressed their well-known readiness for a constructive development of their economic, scientific and technological relations with capitalist States, besides those with developing countries also, on the basis of equal rights and mutual benefit.

217. He noted that in the past decade considerable progress had been made in East-West co-operation, and the benefits arising from peaceful co-operation had become evident and tangible to both sides. In capitalist countries the voices that stood up for a continuation of co-operation and for a policy of détente were again increasing in number and strength. The possibilities of developing economic relations between socialist and capitalist States were still not fully exploited and could not be so unless peace was preserved, a task of overriding importance. His country would continue its well-known policy of peace and détente, were again increasing in number and strength. The possibilities of developing economic relations between socialist and capitalist States were still not fully exploited and could not be so unless peace was preserved, a task of overriding importance. His country would continue its well-known policy of peace and détente, aimed at

further developing trade on the basis of equal rights and mutual benefit as an instrument for the preservation of peace.

218. The representative of CMEA noted that the crisis in the capitalist economy was worsening and that its impact on all flows of world trade and on the economies of developing countries was severe. The international situation had become more tense as a consequence of the intensification by the imperialist Powers of policies aimed at the escalation of the arms race and interference in the internal affairs of other countries.

219. In that connection he drew attention to the "Communiqué on the 36th meeting of the session of the Council for Mutual Economic Assistance", where such activities had been condemned. The text of that communiqué had been made available to the Board in document TD/B/927. The meeting had underlined the importance of further mutual development of economic and trading relations between the CMEA countries and the developing countries. In 1981, the turnover of the CMEA countries with the developing countries had increased by 17.9 per cent, trade among the CMEA member countries themselves had increased by 11.3 per cent and the share of such trade in the total trade of CMEA countries now amounted 55 per cent. In view of the different levels of development among CMEA member countries, it was planned to apply preferential terms to co-operation with Cuba, Viet Nam and Mongolia, as agreed upon at the 36th meeting.

220. He added that, at its sixth session, UNCTAD should devote much attention to improving the system of international economic relations, their democratization and the establishment of a new international economic order. Turning to the ever-growing co-operation between his organization and UNCTAD, he emphasized that such co-operation had acquired new forms in recent years, such as the workshop for trade representatives of 60 developing countries that had taken place recently in Moscow under the UNDP/UNCTAD project on technical assistance for the development of trade between developing and socialist countries.

221. In reply to the statements by the representatives of the German Democratic Republic and CMEA, the representative of the United States disputed the claim that the reference in his statement to human rights violations in Eastern European countries contravened the Helsinki Accords, and invited the two speakers to examine the record of compliance with these Accords by the countries for which they spoke.

222. The representative of Viet Nam said that in his view the present serious crisis was due to the malfunctioning of the economies of developed market-economy countries and to the increasing disorganization of the international trade and financial systems. The crisis, originating in developed market-economy countries, was seriously jeopardizing the economies of developing countries. The detrimental effects of policy measures taken by developed market-economy countries, such as those affecting prices of primary products, bilateral coercive measures, proliferating protectionist devices and monetary policies, in particular in the United States, which had resulted in an abrupt increase in interest rates, were correctly highlighted in the report. Documentation by the UNCTAD secretariat for the sixth session of UNCTAD should analyse in more detail the negative effects of the policies of the developed market-economy countries on trade and development. He added that the close links between peace, disarmament and development should also be stressed.

223. He emphasized that the policy of trade discrimination and restriction, and of economic sanctions, embargo and blockade against developing countries had created obstacles to and had perturbed the development of trade and international economic co-operation and violated rules and principles of conduct universally agreed in relations between States.

224. In the present international context, ECDC was of great importance. Regional and subregional economic co-operation among developing countries would permit a better mobilization and utilization of their resources, promote development and assist them in alleviating the effects of the present crisis. Such co-operation should not preclude, but rather should encourage, the strengthening of economic relations between developing countries and other countries, such as the socialist countries and the developed market-economy countries. One of the important objectives of the sixth session of UNCTAD should be the implementation of a system of economic relations between developing countries and other countries on the basis of sovereignty, equality and reciprocity.

225. Finally, he stated that his country, like other developing countries, was concerned at the large decline in commodity prices, the increasing debt-service burden of developing countries and the inadequacy of the international financial and monetary system. He hoped that at Belgrade substantial progress would be achieved in the search for solutions to these problems.

226. The representative of Algeria stated that, in view of forthcoming important events in the economic field, such as the possible launching of global negotiations, the GATT Ministerial Meeting and the sixth session of UNCTAD, the present session could impart some momentum to the rehabilitation of multilateral co-operation. The United Nations system, with its universal membership and its multilateral functions for the objectives of peace and development, had been endangered by arbitrary decisions and unilateral policies. The developing countries had legitimate misgivings in the face of growing selective and discriminatory bilateralism, which was the expression of a new form of domination. Any analysis of the world economic and social situation should be undertaken in the light of the continuous deterioration of international relations, which was feeding a terrible armaments race.

227. The structural crisis affecting the world economy was worsening and was spreading to all countries. The crisis highlighted the complex evolution of the world economy and the close interdependence of economic sectors and of countries, and pointed to the necessity of a global approach to problems.

228. In the developed market-economy countries, because of the divergence of views on the choice, priority and nature of measures to be taken, the prospects for economic recovery remained uncertain. However, these difficulties could not be compared with the enormous sacrifices imposed upon developing countries in their adjustment to the crisis. Poverty and famine were spreading, and the number of countries classified by the United Nations as least developed was increasing. The heavy indebtedness of developing countries resulted from a stagnation of the level of ODA and the threat of an actual decline. The high level of world military expenditures, amounting to some \$500 billion annually, contrasted with the average of \$25 billion required for the achievement of the objectives of the Third United Nations Development Decade and with the \$23 billion of total ODA. Developing countries were also suffering from an unequal trading system, a decline in the prices of primary products, and protectionist policies. In the financial and

monetary area dogmatic monetarist policies had been added to existing structural disorder by dramatically aggravating the situation of developing countries. Only a rapid fall in interest rates, greater international liquidity and an increase in IMF quotas could augment the resources required to respond to the needs of developing countries.

229. The world crisis should not be used as a pretext to delay collective action, which should combine short-term emergency measures with long-term structural reform, in order to allow some countries to boost their investments and economic recovery and others to foster their economic development and minimize the social cost of the crisis.

230. Finally, he said that ECDC, as a result of the High-level Conference at Caracas, had reached a new stage and was an expression of the willingness of developing countries to pursue collective self-reliance, which should be neither a prerequisite nor a substitute for North-South relations, but should be a new element of international co-operation. The international community should support this development and UNCTAD should be able to assume its responsibilities and functions in the area of ECDC.

231. The representative of the Byelorussian Soviet Socialist Republic, referring to the problem of inflation and the report by the Secretary-General of UNCTAD on that subject (TD/B/914 and Corr.1), noted that the complexity of the problem required detailed expert consideration. In his view, the report had a number of merits, including an analysis of the nature and typical features of inflation, which underlined the fact that in the developed capitalist countries inflation was not exclusively a monetary phenomenon but was a symptom of imbalance and disorder in the economic system as a whole. Therefore it was unlikely that it could be combated successfully through restrictive monetary and fiscal policies alone.

232. He added that an analysis of the world capitalist economy showed that military expenditure was one of the basic causes of inflation in developed capitalist countries. In that regard, the report would have been considerably enriched if it had included a more detailed analysis for those countries of certain important matters, such as the impact of military expenditures on the origin, acceleration and consequences of the inflationary process; the role of state budgets, exchange rates, employment and distribution of income; the impact of military expenditure on economic ties with developing countries, on world markets for manufactures and raw materials, as well as on capital markets; the role of transnational corporations in aggravating the inflationary processes and using those processes in their interests; the interdependence of inflation and high levels of interest rates in national and international capital markets; the relationship between changes in prices and interest rates, including the feedback effect between them and their impact on world trade, the flow of financial resources and the distribution of the benefits of an international division of labour; and, finally, the differing impact of inflation on the prices of the same goods exported on the one hand by developing countries and on the other hand by developed capitalist countries.

233. He noted that all the suggestions he had made underlined the urgency and significance of the problem and were by no means intended to belittle the merits of the document. Together with the comments made on it at the present session, it would provide a good background for discussions on inflation at the next session of the General Assembly.

234. The representative of Yugoslavia stated that the time was propitious for considering the world economic situation, since developments in international economic relations had taken a dramatic turn, with unforeseeable consequences. Since the present session of the Board was also concerned with substantive preparations for the sixth session of UNCTAD, he hoped that the discussions on agenda items 3 and 4 would provide the basis for consensus in the evaluation of the world trade and economic situation and on action, at both the national and the international level, that could be agreed upon at the Conference. Expressing appreciation for the report and for the thought-provoking opening statement by the Secretary-General of UNCTAD, he urged him, after consultations with Governments and well in advance of the sixth session of UNCTAD, to submit a policy-oriented document on the world economic situation in order to facilitate deliberations at the Conference.

235. Endorsing the statement by the spokesman for the Group of 77, he mentioned a number of matters to which his country attached particular importance. He stated that the critical world economic situation, dominated by an increasingly pronounced development crisis, had not occurred just by itself but was a consequence of economic policies and of principles, structures and institutions that were pursued and maintained by forces that dominated the world economy. No country, regardless of its size, level of development or social and economic system, had been spared by the ominous problems confronting the world economy. At a time when world exports amounted to approximately one fifth of world output, economic problems could not be solved in isolation. As the report noted, the problems were particularly acute for the developing countries.

236. In his view, the prolonged economic stagnation arose from policies pursued by the major world economic Powers. He stressed that he did not underestimate the danger of inflation, nor did he suggest that the inflationary pressure should be tolerated for the sake of further growth. However, the underlying cause of both inflation and economic stagnation was the resistance to change in economic structures and institutions. Lasting economic revival required further structural adjustment and change in the international economic system. While responsibility rested with each individual Government, the major economic Powers must lead the way towards economic revival.

237. Developing countries were being continuously subjected to a disproportionate burden of adjustment, resulting in a constraint of their economic growth, which was in turn adversely affecting the economies of the developed countries. The import demand of the developing countries provided export opportunities and employment to the industrialized countries. Faster growth of developing countries and, in particular, in their export earnings was a prerequisite for the sustained growth of developed countries and for the recovery of the world economy. He noted that the exports of developing countries were adversely affected not only by the recession-induced decline in demand in developed countries but also by protectionist measures, discrimination and the policy of graduation. There was thus a paradoxical situation in which the products of developing countries were confronted with greater protectionism than those from the developed countries. Manufactured goods now accounted for some 37 per cent of the total exports of developing countries to the developed countries and for about half of the total trade among developing countries themselves. Nevertheless, developing countries had not attained their full potential for exporting manufactures, as they were confronted by discriminatory measures in the developed countries.

238. Prices of most primary products had declined to their lowest relative level in nearly 40 years. The situation had become extremely critical: developed countries were heavily subsidizing non-competitive production, which had often resulted in commodity prices in the home market rising to twice the level of those in world markets, and these same products were then being exported to world markets with the aid of heavy export subsidies.

239. He noted that the explosive world financial situation, which was closely related to the above developments, was not limited to the problem of the excessive indebtedness of developing countries. Net financial flows were being reversed, flowing from South to North. Such additional finance as was being made available to developing countries was just sufficient to enable them to continue their debt servicing. The deficits of the oil-importing developing countries had increased dramatically, half of the increase being due to higher prices of manufactures imported from developed countries over the period 1974-1981. As a result, many developing countries had only been able to maintain import levels through borrowing. To secure even minimal levels of growth, they had been obliged to accept unfavourable terms of export credits and high interest rates.

240. Recognizing that in that perspective developed countries, with their relatively small and stable populations, could not provide adequate markets for rapidly-expanding manufactured exports of the developing world, he stressed that trade among developing countries was thus of utmost importance. ECDC did not, however, concern developing countries alone, as those countries stood to benefit from the stimulation other countries could give to their economies. Thus, instead of championing "voluntary agreements" that limited access to markets, developed countries should assist developing countries technically, financially and with goodwill and understanding, in expanding trade among themselves, utilizing all the relevant organizations of the United Nations system. He hoped that a satisfactory solution to the question of ECDC would soon be found within UNCTAD.

241. The pursuit of such policies would lead to a more diversified and better balanced network of world trade. Reliance on market forces alone could not achieve this end, and the entire machinery of international co-operation should be engaged.

242. He recalled that UNCTAD had been created nearly 20 years ago with the objective of achieving "development through trade". The experience of developing countries in the last two decades called for an evaluation of the results against the expectations. As part of the preparations for the sixth session of UNCTAD, he urged that the validity of the doctrine of "development through trade" and other alternatives for development be examined. He was sure that "disengagement" or "delinking" did not provide a viable alternative. The fact that "dependence" hurt did not prove that "autarky" would not also hurt. It was clear that what was needed was a better balance. The sixth session of UNCTAD offered all countries a unique opportunity to initiate a new phase in international co-operation. As host country, Yugoslavia would spare no effort in contributing to the success of the Conference. All countries should respond positively to this most serious challenge in world economic affairs, recognizing that, while there were reasons for divergence, there were many more for co-operation. The world could not afford another global confrontation, and this underlay his expectations that the global negotiations would be launched.

243. He stressed the importance of adequate preparations for the Conference if it were to be successful. These should include intensive pre-Conference consultations

and dialogue among Governments, so as to avoid potential misunderstanding and mistrust. He hoped that important international economic gatherings preceding the sixth session of UNCTAD, including the GATT Ministerial Meeting, would contribute to the strengthening of international economic co-operation. In that respect, he attached great importance to the Seventh Summit of Non-Aligned Countries to be held at New Delhi in March 1983, and noted that, while it was a member of the movement, Yugoslavia would, in its capacity as host country, do its best to create the conditions for ensuring the efficiency and success of the sixth session of UNCTAD, the outcome of which would depend on the constructive contribution of every participating country, individually and jointly. A successful Conference would contribute to world peace and security, which were inseparably linked to the problems of development.

244. The representative of Bulgaria, welcoming the report, stated that it accurately depicted the current world economic situation and was a basis for a fruitful exchange of views at the current session. All were agreed on the adverse effects of the situation on the economic development of all countries, including his own. None the less, his country had been able to maintain in recent years a growth rate of 5-6 per cent per annum and a healthy balance-of-payments surplus, with continuing full employment, although there remained serious economic problems to be solved.

245. He added that discriminatory measures applied by certain developed market-economy countries had been directed not only at socialist countries, but also at developing countries, such as the Libyan Arab Jamahiriya, Angola, Nicaragua, Mozambique and Argentina. Under such conditions no country, whether developing or developed, could be sure that unleashing emotions, unrealistic ambitions or even elementary ignorance of the rules of international economic relations, would not inflict serious damage on its economy.

246. Referring to the remark by the representative of the United States in response to the statement by the representative of CMEA, he wished to emphasize that his country categorically rejected any attempts to justify economic discrimination on the basis of far-fetched political motives.

247. The representative of the Netherlands thanked the secretariat for fulfilling the difficult task outlined by the Secretary-General of UNCTAD in his foreword to the report, in which he had stated that, like its predecessor, the report "seeks to provide an integrated review of world development and its impact on the trade and development of developing countries". He perceived a number of improvements in the second report, which had definitely gained in objectivity and realism, and considered it an important instrument in understanding the forces underlining the acute difficulties experienced by the developing countries and the world economy at large. The report deserved serious reflection, especially as it was designed to provide an analytical background to the major items on the provisional agenda of the sixth session of UNCTAD. He noted that the secretariat continued to rely on the "dependency theory" or "centre-periphery" model of the world economy, which saw the world economy as a hierarchically structured system of relations between unequal parts. The pattern of relations within that system was characterized by verticalism and asymmetry, implying that relations with the higher regions of the system were more intensive and more important than horizontal relations and that the gains or effects of the relationships were unevenly distributed. The secretariat seemed to subscribe firmly to that theory, as it imputed the development crisis first and foremost to "the malfunctioning of the economies of

market-economy countries". It had not, however, explained what was meant by "the malfunctioning", nor had it accounted for the success of a number of developing countries in maintaining or even improving their economic position, in spite of the same unfavourable external environment. He believed that the Secretary-General of UNCTAD personally no longer subscribed to the centre-periphery theory, as in his opening statement to the Board at the present session he had stated that it was no longer valid to maintain that development must follow the recovery of the industrialized countries. He agreed that the time had come to emphasize the interdependent nature of the problems experienced by all participants in the world economy. As the world economy was gradually becoming less dependent on a single pole of growth, he regarded as a simplification the report's view that it was driven exclusively by developments in the advanced countries. He proposed that the next report thoroughly examine the interrelationship between the domestic economic and social policies of the developing countries and their economic and social well-being and explain the emergence of multiple growth poles in South-East Asia, the Middle East and Latin America.

248. Struck by the secretariat's acknowledgement that the slow-down in growth in the developed market-economy countries had so far defied satisfactory explanation, he said that that observation evoked a number of questions, on which he invited the secretariat's response. First, he questioned the practical use or relevance of the report's analysis that, while attributing the present crisis to the malfunctioning of the developed market-economy countries, simultaneously acknowledged that the slow-down in growth in those countries defied satisfactory explanation. Second, he questioned the secretariat's scepticism of the anti-inflationary policies pursued by most developed countries and recommended by IMF. Did it not consider that the reduction of inflation was a prerequisite for higher economic growth? Third, he wondered why the secretariat had proposed changes in the international economic and financial systems as the main remedy against the malfunctioning of certain national economies. He believed that the secretariat had to some extent been jumping to conclusions. He hoped that the next report would accord due attention to the differences in economic doctrines held by various UNCTAD member countries, and to the difficulties resulting therefrom for the international community when it came to taking action on principles and criteria for changes to be introduced in the international economic and financial systems.

249. His Government had much more confidence than the secretariat apparently had in the market mechanism as a means for bringing about the necessary adjustments and was convinced that, under the present circumstances, cautious monetary and fiscal policies provided the best tools for countering unemployment and inflation.

250. He noted that the task that confronted industrial and developing countries in adjusting their economic policies so as to return to balanced growth and development was of such a magnitude that it required not only time but also courage and determination. In order to restore the basis for sustained economic growth, he thought it crucial for Governments to maintain and enhance the effectiveness of their present strategies by such means as monetary restraint budgetary discipline that had as its objective smaller fiscal deficits, the avoidance of protectionist trade measures and the reduction of rigidities and structural imbalances. He hoped that the sixth session of UNCTAD would contribute solutions to balanced growth and development and stressed that, while the burden of the present economic crisis should not be disproportionately borne by the developing countries, the social costs incurred by the developed countries in adjusting their economies and in re-ordering their public finance should similarly not be understated. Regarding

official development assistance, he noted his Government's continued intention to maintain its relatively high level of disbursements in spite of its restrictive fiscal policies.

251. While the current recession was unexpectedly long, he urged that the positive achievements of many developing countries, which constituted a basis for future progress, should not be overlooked and cautioned that progress would only materialize if one did not succumb to pessimism.

252. The representative of Egypt noted that the secretariats of GATT, UNCTAD, IMF and the World Bank were unanimous in stating in their annual reports that the world economy was in its worst crisis since the Great Depression of the 1930s. Despite the differences of opinion among them about the causes of the crisis, they were basically in agreement about the problems facing developing countries. The UNCTAD secretariat's report was a useful and important contribution to the evaluation of the state of world development, especially in the context of the preparations for the sixth session of UNCTAD.

253. He drew particular attention to the analysis in the report of the dimensions and characteristics of the crisis as it affected the developing countries. Those countries were doing their best to overcome the problems facing them, but were handicapped by external factors such as the increasing pressures on their balances of payments on both visible and invisible account, including the burden of external indebtedness. Many developing countries had demanded rescheduling of their debt, and many also had been forced into adopting deflationary domestic policies. The external economic environment facing the developing countries was characterized by many negative factors, such as stagnation in developed countries (and a consequent decline in demand for their exports of primary commodities), world inflation and insufficient flexibility of the trade and payments system. He referred in particular to pressures within IMF to limit quota increases and to impose harder terms on borrowing, and the uncertainty regarding even the maintenance of present ODA levels in real terms. Such factors constituted serious constraints on growth in developing countries, whose plans and investment priorities, especially in the energy sector, were at present being adversely affected.

254. He concluded by stressing the need for greater self-reliance and mutual co-operation among developing countries in international trade and finance, and for a restoration of confidence in international co-operation.

255. The representative of the World Bank stated that the Bank continued to believe that the annual reports prepared by the UNCTAD secretariat were a useful addition to those prepared by the secretariats of other regional and international institutions. As all of them dealt with the world economic situation and prospects, though with varying emphasis, it was understandable that they had a great deal in common. The statistical data on major growth, trade and capital flow aggregates in both the Trade and Development Report and the Bank's World Development Report issued in 1982 were the same or of a similar magnitude. There was no disagreement on the state of the world economy, although assessments varied as to whether the economy was at a "low ebb" or in a "state of crisis"; low aid flows, heavy and increasing debt burdens, low commodity prices and growing protectionism did not provide an environment in which developing countries could perform as well as they had in the 1960s and, to some extent, in the 1970s. The outlook for the low-income countries was likely to be grim for the next several years. The Bank had urged industrialized countries to resist protectionism, to

permit access to capital markets and to ensure an adequate level of concessional aid flows to low-income developing countries.

256. In the short run, the developing countries faced an unfavourable international outlook, but progress made over the past three decades in the establishment of pre-conditions for development was a cause for guarded optimism. The World Development Report observed that developing countries whose policies had stressed high levels of efficiently used investment, well-managed external debt and outward-oriented trade policies had performed well in the past. Good management had made these countries resilient in the face of adverse external pressures.

257. He explained that, except for updating international development trends, each edition of the World Development Report had a central theme. Earlier themes had focused on low-income countries, on human resource development and on national and international adjustment policies. The theme of the current report was the role of agriculture in development, and the analysis therein confirmed that increases in agricultural productivity through appropriate policies, better management and modernization were the key to sustained growth in the entire economy. It did not support the conventional thinking, reflected to some extent in the "Trade and Development Report, 1982", that an increase in per capita output depended on moving resources out of agriculture and into industry. The explicit message in the Bank's report was that success in raising GDP per head in countries with agricultural potential depended on the agricultural sector receiving at least as much priority as the industrial sector.

258. The Bank had benefited from the analysis and importance given in the UNCTAD Secretariat's report to ECDC, including trade among developing countries. The Bank continued to believe that it would be useful to pursue the thesis that the developing countries as a group had been able to maintain a reasonable growth of GNP during the 1970s by providing relatively buoyant markets for each other's exports. It would be helpful to see trade projections based on assumptions of more dynamic trade among themselves. He also suggested that future reports should give more information on, and analysis of, the economies of the socialist countries of Eastern Europe and their role in trade, aid and technological transfers to developing countries.

259. He described the outcome of the recent annual meetings of IMF and the World Bank at Toronto, particularly as it concerned progress in a few areas that would enable the Bank (and IDA) to continue to assist the developing countries. Both donors and borrowers considered the Bank and IDA useful and important multilateral aid agencies. However, lately there had been increasing restraints on resources, especially for IDA. In 1981, IDA had been obliged to reduce its lending programme by 35 per cent; the funds in question had been earmarked not for consumption, but to finance well-planned, high-yielding investments designed to help in meeting the urgent developmental needs of the world's poorest countries. Thanks to the efforts of some 22 donors, an understanding had been reached at Toronto on an interim arrangement that was likely to enable IDA to commit about \$3.5 billion in fiscal year 1984, that is, about the same level as in fiscal year 1983. That arrangement was essential to prevent a sharp dip in the commitment of IDA authority in fiscal year 1984. He further noted that the Governors generally supported the Bank's efforts to supplement its lending by expanding co-financing with public and private sources. The role of the private sector in furthering economic development had received substantial attention at Toronto.

260. Referring to the request by the Government of Lebanon that the World Bank form a special group of donors to help finance the reconstruction of that country, he said that the Bank had agreed to undertake a preliminary assessment of Lebanon's needs for economic assistance as soon as conditions permitted.

261. Finally, he recalled that the President of the World Bank, in his concluding remarks at Toronto, had said that the meeting had led to a better understanding of the problems facing all member Governments, which he hoped would contribute positively to the proceedings of the forthcoming GATT Ministerial Meeting and the sixth session of UNCTAD.

262. The representative of Sweden, speaking also on behalf of Finland and Norway, stated that the report provided ample material for thought and was a professional contribution to the discussions on the world economy and development problems. However, the Nordic countries did differ with certain opinions expressed in it, some of which touched on problems that were fundamental to an analysis of the world economy.

263. He agreed with the secretariat's generally gloomy assessment of the world economy. While developments in world trade had not been impressive during most of the 1970s, it was of particular concern that the value of world trade should have decreased by 1 per cent in 1981 and seemed to have further declined during the current year. Developing countries as a whole had achieved a better growth performance than the industrialized countries, but that positive development was limited to a rather small group. The decrease in ODA represented a serious development, particularly for the poorer developing countries. World economic activity was unusually low and had created high levels of unemployment. Uncertainty concerning inflation had contributed to raising interest rates to prohibitively high levels. In an interdependent world, the unfavourable economic environment was bound to have serious effects on the growth prospects of developing countries.

264. Commenting on the analysis in the report of the causes of the present situation, and while admitting that the present market-economy system was not perfect, and that the developed market-economy countries had therefore adopted policies involving varying degrees of State intervention to palliate the adverse effects of a purely laissez-faire system, he pointed out that it had generated unprecedented growth throughout the better part of the century. The working of the market had also brought about an impressive adjustment process. He subscribed to the GATT definition that adjustment was a process in which the market reacted to business opportunities, reallocating factors of production to uses with higher productivity returns. The report illustrated that point with evidence concerning, inter alia, the impressive growth of world trade during the 1950s and 1960s and the increase in the developing countries' share of such trade during the past decade. In that context, the statement in the report that trade barriers had been raised significantly against manufactures exported from developing countries should be balanced against a fairer description of the benefits accruing to the developing countries through GSP and the lowering of tariffs as a result of the multilateral trade negotiations.

265. He stated that the Nordic countries supported the concept of ECDC. The report did not deal adequately with the increasing importance of trade among developing countries, whose dynamics would be beneficial to the international community as a whole. However, it should not be forgotten that there were poor countries that for a variety of reasons were not able to participate fully in international trade.

266. In view of the importance of financial and monetary problems to development issues, the considerable attention devoted to them in the report was understandable. Another theme of the report was the so-called "loss of flexibility" in the system as a whole, which had led to the present economic impasse in many developing countries. According to the report, this indicated a decline in the spirit of international co-operation and the need for remedies through institutional reform. However, such remedies might not be appropriate to problems such as higher real interest rates, which were still incompletely understood and therefore not necessarily susceptible to change through institutional means. Noting that the highly integrated international monetary and financial system had to function under unfavourable conditions, he drew attention to the support of the Nordic countries at Toronto for large increases in IMF quotas and a new allocation of SDR for the benefit of developing countries. Periods of wide fluctuation in the exchange rates of major currencies had greatly complicated the task of allocating productive resources, as short-term exchange rates did not necessarily provide correct information as to underlying economic conditions in world markets. An active exchange-rate policy and the choice of a reasonable currency basket for exchange-rate intervention might alleviate those problems.

267. Criticizing the report for its rather perfunctory references to ODA, he said that, for a significant part of the international community, especially the least developed and other low-income developing countries, ODA was of decisive importance as a source of external finance, and even for the middle-income countries it remained significant. Despite the need for an increase, ODA seemed to be on a downward trend. The Nordic countries hoped that that trend would be reversed and that ODA would be increased in real terms. The target of 0.7 per cent of GNP should be attained by all donors, with a greater allocation to the poorest developing countries. He expressed concern over the difficulties of IDA in obtaining sufficient resources and over the fact that UNDP had found it necessary to reduce its planned programmes. He also drew attention to the importance of increased private flows to developing countries. In conclusion, he emphasized that the present decrease in resource transfers to developing countries was destructive, since there was a potential for injecting new dynamism into world trade and development through such transfers, to the benefit of both developed and developing countries.

268. The representative of Romania associated himself with the evaluation made by the Secretary-General of UNCTAD in his opening statement to the Board concerning the seriousness of the world economic situation and endorsed his appeal for dialogue and collective action. Supporting the statement by the spokesman for the Group of 77, he referred to the profound disequilibria characterizing the world economy and the climate of uncertainty that was aggravated by restrictive policies in the monetary and commercial spheres, by inflation, and by financial crisis.

269. He stressed that the present economic situation had a negative impact on developing countries, their national, economic and social efforts being diminished under the influence of external economic factors. He emphasized the effect on the debt burden of developing countries of historically high interest rates, the proliferation of protectionist measures and pressures (which often involved discrimination) and the unprecedented and continuous decline in their terms of trade.

270. He noted that so far the response to this situation had consisted, on the one hand, of mere palliatives and, on the other, of a series of unilateral and

bilateral measures, as well as a tendency to seek solutions outside genuinely multilateral mechanisms. In such conditions, the economic gap between developed and developing countries had increased, giving rise to serious economic anomalies and arousing mistrust, animosity and tension in international relations.

271. He underlined the necessity to reverse such negative tendencies, saying that, without fundamental changes in the structure and mechanisms of international economic relations, the efforts to overcome the present situation would not have substantive results. He also stressed that the problems of developing countries should occupy a more central place in all international economic initiatives. Actions in their favour would help the world economy as a whole.

272. In that context, the sixth session of UNCTAD assumed a special importance, and the Conference must set itself the task not only of arriving at a consensus concerning the analysis of the economic situation, but also, and above all, of taking concrete measures designed to reactivate the development process.

273. The representative of Bangladesh, expressing his appreciation for the lucid and thought-provoking opening statement by the Secretary-General of UNCTAD, said his delegation welcomed the report, which was a valuable contribution to the analysis of the crisis that confronted world trade and development and, in particular, of the way in which it affected the developing countries. The report correctly pointed out that the developing countries were now facing the gravest economic crisis since the Great Depression and, because of the sharp deterioration in their terms of trade, a transfer of resources to developed countries was now taking place. His delegation fully endorsed the statement made by the spokesmen for the Group of 77, but wished to emphasize certain points.

274. He said the impact of the present crisis was far-reaching for the developing countries. The prices of commodities in which the majority of them depended for most of their foreign exchange earnings had hit the lowest level since the early 1950s and the decline in mid-1982 over the 1980 average level alone was as much as 27 per cent in dollar terms. In the case of his own country, the fall in earnings from its main exports (jute, jute goods, tea and leather) had been as much as 50 per cent in 1980 and even more in 1982. This shrinking purchasing power of exports had inevitably reduced import capacity. Bilateral official development assistance and flows from multilateral financial institutions and high-cost borrowing in private capital markets, had not been able to make good those losses. The mounting burden of debt servicing had become a nightmare for these countries. The process of improvement achieved during the last decade, often at a heavy cost to consumption, had come to a grinding halt not because of any slackening of efforts by developing countries but because of the sharp deterioration in the external economic environment. That had frustrated one of the developing countries' fundamental aspirations, and the situation posed a serious threat to the fabric of their social, economic and political lives.

275. The least developed countries had suffered most from the present economic crisis. Most of them had experienced a negative growth rate in recent years. With very low per capita incomes and a substantial portion of their population living below the subsistence level, they had been most vulnerable to the vicissitudes of the international economy and were least able to adjust to the external environment. They had reached the limits of belt-tightening and were already on the verge of collapse.

276. During the past years, various international forums had recognized the interdependent nature of co-operative endeavours to revive the world economy as a whole, in which the problems of the developing countries needed special attention. Several resolutions that he considered were steps in the right direction had been passed, but progress in their implementation had been tardy. In that context, he believed that increased ODA, in particular the attainment of the 0.15 per cent target for transfers to the least developed countries, removal of protectionist barriers to international trade, full implementation of IPC, including the setting up of the proposed new compensatory financing facility for commodity-related shortfalls, and an effective ECDC programme would greatly contribute to the resurgence of the world economy.

277. The United Nations Conference on the Least Developed Countries had decided that the problems of the poorest and the weakest required immediate attention and had adopted SNPA. The least developed countries had pinned great hope on that Programme, but were very disappointed to find that the commitments were not being translated into action. The sixth session of UNCTAD should review the implementation of SNPA, as indeed was envisaged in item 12 of the provisional agenda of the Conference.

278. The present economic predicament underlined the severe inadequacy and limitations of the existing international economic system. The international community should therefore adopt effective and comprehensive measures to overcome the structural and functional weaknesses of the present system in order to create a new international economic order. The need for restructuring of the world economy against the sombre background of the deteriorating economic situation involved a review of existing arrangements in the entire area of international trade, development, money and finance and reserved urgent and purposeful consideration by the international community. In that context, he believed that the early launching of global negotiations was essential.

279. The representative of Canada stated that the report described the world economic crisis in a comprehensive manner and was an honest attempt to deal with questions in the four major areas which would be discussed at the sixth session of UNCTAD: the world economic situation, trade, commodities and finance. His Government did not necessarily share all the views expressed in the report and, in fact, drew some rather different conclusions in some areas. He considered that the report was on much less certain ground in the area of disarmament and development. Further, he felt that it under-emphasized even more than its predecessor the importance of domestic policy decisions and tended to over-emphasize the importance of international factors.

280. The new report was an improvement on the 1981 report, in part because it was more analytical and less prescriptive; it could contribute to setting the stage for a greater understanding, in the period before the sixth session of UNCTAD of the complex interrelationship of the various factors facing the world economy. It was important not to ascribe misfortunes to external factors but to recognize that all countries were faced with interrelated problems in an interdependent world and had a common interest in working together to resolve them. In that context, he noted that the introduction and overview differed from the main body of the report in that it was less analytical and somewhat prescriptive. For example, the overview claimed that the virtual standstill in the development process had occurred not as a result of any diminished effort of the developing countries but because of the strong deterioration in the external economic environment facing them, which in

turn was attributed entirely to the policies of OECD countries. Another claim was that the spirit of international co-operation was on the wane. Such statements tended to be misleading and were not substantiated by the analysis.

281. He noted that the Prime Minister of Canada had stressed on numerous occasions the importance of tackling and solving the problems relating to North-South relations. He emphasized the large measure of consensus among senior officials and the impressive degree of consensus and excellent spirit that had prevailed at the Cancún Summit. His Government continued to support the launching of global negotiations in the near future and hoped that the sixth session of UNCTAD, which would be the major international conference on economic matters in the coming year, would have a positive spirit and results.

282. He recalled that the Prime Minister of Canada had also stressed the theme of global interdependence in his opening address to the annual meetings of the Bank and Fund at Toronto. Of particular concern were certain aspects of interdependence, in particular: the need for OECD countries to return to a growth path as the essential element for world economic recovery; the important role of energy prices in the world economy and the need for increased consumer/producer co-operation for all major commodities, including petroleum; the need for continued private and official flows to developing countries at adequate levels; the continued relevance of the Bretton Woods institutions and the need to strengthen them so that they could deal better with current international problems; the importance of domestic policies in both developed and developing countries; and the need for a more analytical coverage of co-operation between socialist and developing countries.

283. While he could not comment on all its aspects, he noted that the report, as well as the Secretary-General of UNCTAD in his opening statement to the Board, stressed the interrelationships and linkages among the international trade, commodities and financial systems. He noted that the report dealt in considerable detail, and on the whole well, with prices, the terms of trade, structural adjustment, protectionism, inflation, financial flows, the evolution of IMF, debt, the role of transnational corporations, energy, the services sector and disarmament.

284. The report clearly established the real link between the prospect for any significant improvement in the terms of trade and export volumes for commodities and the resumption of buoyant growth in OECD countries. It made clear that the sharpness of the decline in commodity markets was directly linked to the depth of the recession in OECD countries. This suggested that the essential element in any world recovery was recovery in the OECD countries while at the same time seeking to promote growth and pay attention to the special problems of developing countries. The report demonstrated that the relationship between the economic well-being in the West and the South was direct and not just a trickle-down effect.

285. Another aspect of interdependence was the impact of the oil-price shocks of the 1970s on both developing countries and developed countries. The importance of energy prices was highlighted throughout the report and reflected a continuing effort by the UNCTAD secretariat to deal with the energy issue in a more comprehensive manner than previously. In that connection, he recalled the remarks made by the Prime Minister of Canada at the Bank/Fund meetings at Toronto, when he had said that the instinctive international institutional responses to the energy crisis so far had tended to place consumers and producers in opposite camps, whereas relative stability was in the long-term interest of both. He looked

forward to the forthcoming assessment by the UNCTAD secretariat on energy and energy-related investment requirements of developing countries.

286. It followed from the report's analysis on commodity prices and the world economy that any artificial change in the terms of trade for individual commodities was not a practical solution, since the net results of such action would not always be of benefit to the world as a whole. The report contained evidence indicating that the decline in the terms of trade for most developing countries had been at exactly the same rate as for OECD countries for the period 1973-1980 and that for the least developed countries it had been at an even lower rate. The analysis also showed that, with the exception of African (and OPEC) countries, fewer and fewer developing countries now depended on a single export for half their earnings of foreign exchange. That diversification could materially reduce the uncertainties of export prospects and offered new opportunities for long-run growth. He noted the recognition (in paragraph 315 of the report) that structural change was not just a one-way matter but had an impact on developing countries also, to the extent that their own individual competitiveness might change over time.

287. He did not wish to comment in depth on protectionism and structural adjustment, which was under continuing examination within UNCTAD, but said his Government considered discussion of this issue and all of its aspects to be important in the light of the current economic situation. It hoped that the forthcoming GATT Ministerial Meeting would reaffirm the necessary political commitment to the multilateral trading system, help to avoid precipitous restrictive trade action and effectively manage current trade irritants and redirect the focus of Governments towards a forward-looking trade policy initiative that would enable trade to make - and be seen to make - a positive contribution to economic recovery.

288. He stated that interdependence was most evident, and possibly most fragile, in respect of the flow of international capital, both private and official. The report documented the extraordinary increase in private international financial flows to developing countries. Unless those funds kept flowing in support of productive development, many developing countries would fall far short of their minimum needs. It was important to maintain the confidence of private markets in the 1980s. Concessional funding would be limited but would continue to be a vital element of balanced growth and development, particularly for the poorest developing countries, and it was necessary to ensure that the momentum of foreign aid was maintained, including the strengthening of the World Bank and IDA. In that context, one of the worrying aspects of the secretariat's analysis was the increasing signs that private funding might diminish. The report expressed some concern about how well the new defensive banking arrangements would withstand major pressures. His Government believed that IMF should take the lead in examining, as a matter of urgency, whether current international arrangements provided adequate protection against financial crisis and welcomed proposals brought forward at Toronto that would make extra resources available to countries experiencing difficulties.

289. Referring to the remarks made by the Secretary-General of UNCTAD in his opening statement to the Board that the international financial and monetary system had to be adapted to the needs of the 1980s and by a number of representatives who had implied that the Bretton Woods institutions had failed, he said he did not believe that was the case. The Bretton Woods institutions had been sensitive to changing times and had made many imaginative innovations. However, they had not

been able, within existing mandates and resources, to ensure adequate international economic stability in the face of the new difficulties that had emerged in the late 1960s and 1970s. IMF needed to be encouraged to find increasingly effective means for helping to maintain stability and harmony in the economic policies of its members.

290. Like other speakers, he found the treatment in the report of domestic policy in developing countries less than satisfactory. No country would deny that the most important ingredient in its economic performance was its domestic policy. This fact was brought out implicitly in much of the analysis but was perhaps not sufficiently explicit. For example, the report recognized that different developing countries had fared very differently in the current international economic situation, but the reasons therefore should have been brought out more clearly and related to future growth prospects.

291. While the report demonstrated the interdependence of developing countries and developed market-economy countries, there was no such analysis of links between developing and socialist countries. For example, there were no comments or statistics on official aid flows from socialist countries or on the extent to which protectionism in the socialist countries of Eastern Europe has also impeded increases in these trade flows. In that context, he pointed out that the recent report by a group of Commonwealth Experts Group on the impact of protection on the trade of the developing countries ^{9/} noted that, although developing-country exports to centrally-planned economies constituted a small portion of their total exports, the effects of import restrictions by the latter countries were by no means insignificant, particularly as regards their policies of State procurement and bilateral balancing of trade, which had effects similar to the more harmful forms of trade restraint imposed by some of the developed market-economy countries. The slow growth of developing-country exports to the centrally-planned countries was indicative of the degree of protectionism encountered.

292. While the chapter of the report on services and the world economy was a good description and analytical summary, he said there were a number of special features of trade in services that had prevented progress towards liberalization similar to that achieved for internationally traded goods. For a variety of reasons, such as sovereignty, domestic policy and considerations of financial viability, service industries, particularly banking, insurance and shipping, were subject in most countries to a high degree of national regulation and State participation and, in some cases, to "self-regulation" by professional bodies. Moreover, given the different levels of development and the varying contributions made by services to the national economy, it was not always clear that removal of restrictions would be of benefit to all countries, least of all to developing countries and some of the smaller developed countries that were unlikely to become significant exporters of services in the foreseeable future.

293. He noted that the Secretary-General of UNCTAD had expressed the wish that at the sixth session of UNCTAD progress should be made on basic principles involved in North-South relations that might help in the launching of a world economic recovery programme. His Government was prepared to participate actively in the search for such principles and hoped that a move towards greater international consensus and co-operation would be an outcome of the sixth session of UNCTAD. He also underlined the importance of adequate preparation for the sixth session of UNCTAD of which the report had been a first step, with respect to both high-quality documentation and meaningful dialogue among all members of UNCTAD.

294. The representative of Saudi Arabia said that the present economic situation was serious and presented problems for which solutions must be sought. Noting that developed and developing countries were blaming each other for the present situation, he stressed the need for a new international economic order that would improve the present system rather than destroy it, and the importance of both self-reliance and mutual co-operation as a basis for ECDC.

295. The representative of IMF stated that the report was an interesting and stimulating document, carefully researched and pragmatic in its approach on the issues of direct interest to the Fund. The staff of the Fund agreed with much of the report's analysis, especially the concern expressed about the difficulties experienced by many countries facing widespread recession, unemployment and inflation. The situation of the non-oil-exporting developing countries was especially serious. The marked slowing of economic growth in those countries and the enlargement of their current-account deficits could be attributed to a certain extent to external factors, including the international recession, the severe deterioration in the terms of trade, and the unprecedented upsurge of interest rates in international capital markets. While there was agreement between the Fund and UNCTAD on the nature of the external difficulties facing developing countries, he believed that the serious economic situation in many of those countries also stemmed from unduly expansionist policies which had generated domestic inflation and misallocation of resources, as well as balance-of-payment deficits. Economic growth could not be restored or unemployment lowered without a sustained reduction in inflation and inflationary expectations on a wider scale than had so far been achieved. Governmental policies had to recognize that current economic problems were deep-seated, that fundamental policies of adjustment were needed, and that recourse to demand reflation or to protectionism exacerbated existing problems.

296. Mentioning some differences of judgement regarding the present economic situation between the Fund staff and the UNCTAD secretariat, he said that one such difference concerned the role that international capital markets had played in financing growth and development in the developing countries during the past decade. He also pointed to several positive features of the current situation, which should also be considered, in order to maintain a balanced perspective, such as the recent reduction of inflation in major industrial countries and the impressive efforts of a number of non-oil-exporting developing countries during the past year to carry out programmes of adjustment. There had also been an encouraging drop in interest rates in recent weeks.

297. So far as the Fund itself was concerned, key decisions had just been taken in support of its central role in the process of balance-of-payments adjustment and financing. The Interim Committee had agreed on the urgent need for a substantial increase in Fund quotas, on which a final decision was to be taken in April 1983. In addition, the Fund had been asked to assess the adequacy of existing arrangements for dealing with major strains in the international financial system, and consideration was being given to the possibility of establishing an additional permanent contingency fund to be used in extraordinary circumstances. Finally, a decision by the major industrial countries to collaborate under the aegis of the Fund's surveillance function would make an important contribution to the greater convergence and stability of economic policies, thus leading to increased exchange-rate stability and a more even-handed sharing of the burden of adjustment.

298. The spokesman for EEC and its member States said that he had listened with great interest to the very useful debate that had taken place on the report. It

had been especially useful in the light of the preparations for the sixth session of UNCTAD. He was obliged, however, to refer to certain remarks made in the course of the debate by some delegations about the taking of economic measures against certain countries. The position of the members of EEC on this matter was well known and a discussion of the issue at the present session did not serve any useful purpose.

299. The representative of the United States associated his delegation with the foregoing statement.

300. Commenting on the discussion, the Director of the Money, Finance and Development Division noted the view expressed by many representatives that the report had concentrated unduly on the role of the external environment and had not given sufficient emphasis to the role of domestic policies. He emphasized that the introduction and overview and the whole of part I of the report were concerned primarily with events over the past 12 to 24 months and their consequences for developing countries. An outstanding feature of that period had been the sharp intensification of pressures on the balance of payments of developing countries, and the ensuing difficulties in sustaining growth. Calculations undertaken by the UNCTAD secretariat indicated that the decline in prices in 1981 over their 1980 level for the major commodities exported by developing countries and accounting for two thirds of their export earnings had resulted in an estimated reduction of \$9-10 billion in their commodity-export earnings. Likewise, the impact of changes in interest rates between 1980 and 1981 was estimated to have resulted in an increase in interest payments in 1981 of roughly \$4 billion. The cumulative effect of these two factors alone on the 1981 external payments and earnings of developing countries was some \$13-14 billion, compared with the \$16 billion increase in the current-account deficits of deficit developing countries in the same period. In assessing the current situation and the changes that had occurred in the payments position of developing countries, the sheer magnitude of external factors struck him as having required the emphasis given to them in the report. He noted that, over the longer run, the consequences of these changes for developing countries would be influenced by their domestic policies. The overriding importance to the development process of the policies followed by developing countries was clear and had indeed been well set out in the statement by the spokesman for the Group of 77. However, he believed that the range of policy options open to developing countries, and the degree of success of those policies, would be largely determined by the international environment. Indeed, serious examination of the international environment, of changes occurring in that environment and their significance for trade and development, was a necessary prerequisite to the examination and formulation of national and international policies, and it was these considerations that had inspired the report in its present form. The secretariat has maintained that better mechanisms to support the process of development were necessary in the areas of trade and finance, and that aspect of the report had to be emphasized. He further emphasized that measures in these areas must not, however, be regarded as a substitute for intensive domestic effort, but rather as necessary to create conditions in which those efforts could be fully successful.

Action by the Board

301. At its 596th meeting, on 14 September 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-sixth session for further consideration and appropriate action (see annex II).

302. At its 597th meeting, on 15 September 1982, the Board decided that the comments made on the report by the Secretary-General of UNCTAD entitled "World inflation and the development process" (TD/B/914 and Corr.1) should be incorporated in its report and transmitted to the General Assembly (see annex I below, Other decisions, (e)).

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-FIFTH SESSION

(Agenda item 2)

303. This item was referred to Sessional Committee I for consideration and report, except for Conference resolution 127 (V), which was considered in plenary.

A. Conference resolution 109 (V): Assistance to national liberation movements recognized by regional intergovernmental organizations

Consideration in Sessional Committee I

304. Referring to Board resolutions 238 (XXIII) and 239 (XXIII), which requested the Secretary-General of UNCTAD, inter alia, to consult and prepare with other United Nations agencies and bodies comprehensive and in-depth social and economic surveys of Namibia and the Palestinian people in the occupied Palestinian territories respectively, the Deputy Secretary-General of UNCTAD stated that the secretariat had held consultations with UNDP and other interested agencies of the United Nations system concerning necessary contributions and technical inputs needed for undertaking the actions required in pursuance of those resolutions. Consultations had also been held with representatives of both the Palestine Liberation Organization (PLO) and the South West Africa People's Organization (SWAPO) in respect of projected activities of interest to them. He said that the secretariat hoped to present a written progress report to the Board at its twenty-seventh session.

305. The observer for the PLO emphasized that the social and economic survey of the Palestinian people in the occupied Palestinian territories should be thorough in its analysis and contain cogent proposals for development strategies aimed at strengthening the Palestinian people and their right to self-determination.

306. In response to an inquiry by the representative of Iran as to whether any concrete action, apart from consultations, characterized as informal, with SWAPO and PLO had been undertaken to date, the Deputy Secretary-General said that concrete activities were being prepared with the full understanding of the parties concerned as to the time of them. Given this circumstance and that the progress report he had referred to would reflect all relevant developments, there was no cause for disquiet.

307. The spokesman for Group D said that his Group attached great importance to Board resolutions 238 (XXIII) and 239 (XXIII), which called respectively for studies concerning the social and economic conditions of the people of South Africa and Namibia, and of the Palestinian people in the occupied Palestinian territories, in pursuance of Conference resolution 109 (V). He expressed full support for the statement by the observer for PLO.

308. He stated that the Palestinian people faced a grave situation occasioned by aggression on the part of Israel, with the support of the United States of

America. Approximately 18,000 people had been killed during the recent Israeli invasion of Lebanon, and about 30,000 wounded. The number of those rendered homeless, both Lebanese and Palestinian, was estimated at 800,000. Israel had perpetrated this act of aggression, which he termed genocidal, in total disregard of standards of accepted conduct and all restraining resolutions adopted by the international community. PLO, which was the sole representative of the Palestinian people, had agreed to the exodus from Beirut out of sympathy for the peace-loving people of Lebanon who had suffered great losses in terms of human lives and property. He gave the order of magnitude of the loss as between \$12 billion and \$15 billion, which he urged the international community to compel Israel to retribute to Lebanon.

309. He further stated that, in the occupied territories, Israel was evicting the local inhabitants and forcibly occupying the lands thus acquired. Peace in the Middle East, he said, could only be achieved through an international settlement with safeguards for the rights of all the parties concerned.

310. He expressed support for the oppressed peoples of Namibia and South Africa in their struggle against colonialist domination by the Pretoria régime. He said that, in addition to unlawfully plundering the natural resources of Namibia, South Africa was using Namibia as a base and stepping stone for mounting aggressive actions against her peace-loving neighbours, particularly Angola. He urged UNCTAD to contribute to the struggle of SWAPO and the oppressed people of South Africa for freedom by undertaking the studies and other actions called for in General Assembly resolution 36/52 of 24 November 1981, Conference resolution 109 (V) and Board resolution 238 (XXIII).

311. The representative of the German Democratic Republic said that current events in the Middle East and in southern Africa made clear the urgent necessity for the bodies and agencies of the United Nations system, of which UNCTAD was one, to intensify their efforts to give substance to the declaration on the granting of independence to colonial countries and peoples (General Assembly resolution 1514 (XV)). This, he said, found its expression in Economic and Social Council resolutions 1982/47 and 1982/48 of 27 July 1982, where it was envisaged that the bodies and agencies of the United Nations system should increase their support for national liberation movements and intensify their collaboration with PLO and SWAPO. He noted with regret that the economic and social studies called for in Board resolutions 238 (XXIII) and 239 (XXIII) had not been submitted to the current session of the Board. Those studies would have constituted a useful contribution by UNCTAD towards promoting the just cause of the peoples fighting for their freedom and their only legitimate representatives.

312. He said that the aggressive policy of Israel, which found its extreme expression in the barbarous war against the Lebanese Republic and the extermination campaign against the Palestinian people living there, deeply touched upon the interests of everybody in peace and security; and all international forums, including UNCTAD, were called upon to oppose that criminal genocidal policy of Israel and unmask the men behind the scenes responsible for that blood-stained policy, who could be found in well-known imperialist circles in the United States of America. The German Democratic Republic gave its unqualified support to the Palestinian people and demanded immediate and unconditional withdrawal of the aggressors from Lebanon and from all Arab territories occupied in 1967.

313. He referred to General Assembly resolutions 36/52 and 36/172, which demanded effective support to the oppressed people of South Africa as well as to SWAPO - a

demand made particularly urgent by the current efforts by the Pretoria racist régime to use Namibia as a stepping stone for further aggression against peace-loving neighbouring States, with the aim of impeding their progress and for continued plundering of the rich natural resources of Namibia. The increasingly aggressive character of the apartheid régime, combined with its illegal occupation of Namibia, represented a threat to peace not only in the south of Africa, but also to the world as a whole. Recalling that 1982 had been proclaimed by the United Nations as the International Year of Mobilization for Sanctions against South Africa, he declared that any support rendered by imperialist circles to the racist régime of South Africa, be it political, military, economic or financial, meant direct or indirect participation in the criminal policy of apartheid. He expressed the hope that at its current session the Board would agree upon measures designed to promote peaceful international co-operation and to support the struggle of the peoples for economic decolonization and independence. The German Democratic Republic would continue to side firmly with the peoples of Namibia and South Africa, SWAPO and the African National Congress of South Africa (ANC), and with all peoples and States of the African continent fighting against imperialism, colonialism, neo-colonialism, racism and apartheid in their struggle for economic independence and social progress.

314. The representative of the United States of America said that there appeared to be a co-ordinated effort on the part of Group D to politicize the proceedings of the Trade and Development Board and, in particular, to provoke the United States delegation to a debate on topics that were essentially irrelevant to the work of the Board. The United States had been subjected to an unwarranted attack on its trade policies by the delegation of the Soviet Union - a country having one of the most restrictive trade régimes in the world - following which the delegation of Bulgaria, with no regard to the facts, had sought to associate the United States with recent events in Lebanon. He stated that the United States had not only publicly deplored those events, but had also acted very strongly to prevent them. It was not his intention to be drawn into a debate on questions that were neither based on fact nor relevant to the work of the Board; and he urged the members of Group D to do likewise.

315. The representative of Israel, referring to the statement by the representative of Bulgaria, stated that he observed an inconsistency in the latter's manner of addressing a problem. Whereas earlier in the day the representative of Bulgaria had taken to task a member of one delegation for his manner of delivery, the same representative was, a few hours later, delivering an unbridled attack against Israel. He stated that the use of the word "genocide" by members of Group D, many of whose countries had suffered what amounted to genocidal experiences, was the height of irresponsibility. He took particular exception to the use of the same word by the representative of the German Democratic Republic, in the light of historical events. Group D countries had provided the armaments with which Israel had been attacked by PLO. Israel had the right to defend itself against terrorist attacks. Israel deeply regretted the bloodshed in Lebanon; however, far from the bloodshed having started on 6 June 1982, it had been begun a long time before, with the incitement of some Group D member countries. He stated that the schools and hospitals that Israel had damaged in Lebanon had been PLO depositaries for arms in civilian areas, and that PLO had used the civilian population as a protective "shield" behind which they could carry out their operations with impunity. That was particularly true with regard to Beirut. He added that at last Lebanon had the opportunity to be free of all foreign occupying forces.

316. The representative of Bulgaria, speaking in exercise of the right of reply, deplored the representative of Israel's manner of delivery. What was currently going on in Lebanon could, from all the evidence at hand - including that of the news media - be qualified as genocide carried out against the people of Palestine.

317. The representative of Iraq recalled that Conference resolution 109 (V), which had been introduced at Manila by his country's delegation, had received overwhelming support from the international community at the time of its adoption. The resolution had an economic objective, and thus formed part of the body of resolutions at the General Assembly and elsewhere that aimed at promoting the interests of the peoples of Palestine and of Namibia and of the oppressed people of South Africa. The granting of observer status to PLO by a resolution of the General Assembly constituted proof that PLO had the recognition and support of the world community. He said that Zionism and the racism of South Africa were on the same footing; and that events since the fifth session of UNCTAD had borne evidence of the destructive implications, for the developing world, of Zionist and South African policies. He urged that the studies to be prepared by the UNCTAD secretariat, as requested in Board resolution 239 (XXIII), should reflect the economic consequences of Zionist actions in the Middle East, such as the Israeli bombing of the nuclear reactor in Iraq.

318. The representative of Nigeria, speaking on behalf of the Group of 77, recalled that, in the two resolutions adopted at the twenty-third session of the Board on assistance to national liberation movements recognized by regional intergovernmental organizations, UNCTAD had been called upon to study the economic conditions of those movements. His group was gratified that the Secretary-General of UNCTAD had started efforts in this regard in earnest. He hoped the result of those efforts would be beneficial to the liberation movements, mentioned in the resolutions, that were still enduring the most inhuman conditions since the Second World War.

319. He emphasized that the studies asked for in those resolutions were important since they would be able to assist in assessing beforehand, on the basis of a thorough and comprehensive analysis, the major development problems facing these people and would also assist in formulating concrete proposals of assistance to them.

320. He reiterated that such studies, in order to be relevant and realistic, should be conducted in collaboration with liberation movements of the Namibian and Palestinian peoples, namely, SWAPO and PLO. The Group of 77 was happy that UNCTAD was co-operating in this regard.

321. His Group further believed that UNDP would make available to UNCTAD all necessary financial resources required for this purpose, in order to implement those resolutions.

322. The representative of Cuba stated that his country attached particular importance to the activities provided for in Conference resolution 109 (V) in connection with the preparation of studies on the economic and social situations of the peoples of Namibia and South Africa and of Palestine. He supported the statement made in that regard by the spokesman for the Group of 77 and expressed his concern at the events that had recently occurred in the Middle East and in southern Africa, with the resultant loss of human life and considerable material damage, which had brought about a deterioration in the living conditions of those peoples. He pointed out that the Israeli aggression against Lebanon, with the support of the

United States, was not only a flagrant violation of the independence, sovereignty and territorial integrity of that country but also an action of criminal genocide against the Lebanese people and the Palestinian citizens residing in that country. He drew attention to the need to take into account the economic and social implications of that aggression for the Palestinian people and to accelerate the work under Board resolution 239 (XXIII). He also considered that the economic and social situation of the peoples of Namibia and South Africa had continued to deteriorate and that the current circumstances made it even more urgent that Board resolution 238 (XXIII) should be implemented. Finally, he wished to pay tribute to the Palestinian people and to PLO its sole legitimate representative.

323. The representative of Lebanon emphasized that the Trade and Development Board was an economic and not a political forum. However, the tragedy of Lebanon made it incumbent on him to clarify to members of the Board the position from the Lebanese point of view. For more than eight-and-a-half years the peace-loving country of Lebanon had suffered death and destruction as a result of outside intervention. Lebanon was a country that believed in peace within its borders and peaceful co-existence with the world outside, and it was a country that lived for solidarity with the Arab world. He quoted from a recent declaration by the President-elect of Lebanon in which border and geographic disputes with neighbouring States, and interference in the internal affairs of States were condemned, and national sovereignty upheld. He appealed to the international community to demonstrate its solidarity with the people of Lebanon through providing humanitarian aid. Lebanon, he stated, was in a position to resume its traditional role with peace, freedom and dignity as part of its national heritage.

324. The representative of Iran, referring to the statement by the representative of Israel in which reference had been made to the crimes of the Nazi régime against the Jewish people during the Second World War, stated that the latter had neglected to refer to recent barbaric actions committed by Israel against the innocent peoples of Lebanon and Palestine. Despite their destruction of lives, villages and schools, the Israelis had continued to pretend to have liberated Lebanon. His delegation rejected the barbarian actions of Israel and supported the continuous struggle of the Palestinian people against the gangs dominating their lives and lands. Only by their faith would the Palestinians free themselves and their territories from the domination of usurpers. The tragedy in Lebanon owed its origin to the indirect conspiracy of imperialism against the Islamic revolution in Iran. He suggested the adoption of a resolution additional to Board resolutions 238 (XXIII) and 239 (XXIII) for undertaking "a new study on the economic losses suffered by Lebanon as a result of the recent invasion of the occupying régime of the Palestinian territories". He declared the support of Iran for all forms of work to be undertaken by UNCTAD and other bodies in favour of the oppressed peoples of Namibia and South Africa.

325. The representative of Algeria paid tribute to the spokesman for Group D for his Group's principled stand on the question of support for people's struggles for national liberation. She urged the Secretary-General of UNCTAD to ensure that the UNCTAD secretariat completed the required studies in time for the sixth session of UNCTAD. She observed that the style of presentation and attitude of the representative of the Zionist entity had been reprehensible and had tended towards the politicization of the Sessional Committee's deliberations. If by politicization was meant the process of declaring the truth, her delegation would continue to do that, as the right of self-determination and the rightful exploitation of natural resources were inseparable from their essentially political

context. It had been impossible to hide from the view of the world the barbaric and genocidal attack against Lebanon and the Palestinian people. What the Western media termed the military defeat of PLO was a definite political victory for the people of Palestine, who suffered massacre by a Power receiving the support of the United States of America. A durable peace in the Middle East could only be achieved when the national rights and the inalienable aspirations of the people of Palestine to self-determination in a sovereign and independent State had been secured.

326. The representative of Tunisia expressed support for the statement by the representative of Nigeria on behalf of the Group of 77. His delegation condemned the barbaric attack on Lebanon by the Zionist entity. It condemned equally the racist policy of the South African régime, and he expressed support for Conference resolution 109 (V) and Board resolutions 238 (XXIII) and 239 (XXIII). He urged that no time should be lost by the UNCTAD secretariat in preparing the studies called for in those resolutions.

327. The representative of Saudi Arabia expressed support for the statements made on behalf of the Group of 77 and the League of Arab States (see para. 338 below). He hoped that the UNCTAD secretariat would present the studies called for in Conference resolution 109 (V) and Board resolutions 238 (XXIII) and 239 (XXIII) without delay, taking into account the Israeli attack on Lebanon. The racist State of Israel had been condemned by numerous United Nations resolutions, and this condemnation gave the Palestinian people the right to resist imperialist domination and foreign occupation, and return to their usurped lands. Racist Israel had tried to deceive delegations as regards its annihilation of the old and young and disabled in Lebanon with sophisticated and new weapons such as cluster bombs. It had also engaged in the inhuman practice of condemning numerous Palestinian people to concentration camps superior to those set up by the Nazis during the Second World War. He expressed regret that Israel was acting with the support of a major Power that was providing it with weapons free of charge. Meanwhile, he referred to another major Power that called for self-determination for the Palestinian people while ignoring that right in the case of a peaceful people living near its border.

328. The representative of China expressed appreciation for the oral report by the Deputy Secretary-General of UNCTAD on the action of the UNCTAD secretariat in pursuance of Conference resolution 109 (V). China had supported and continued resolutely to support the Palestinian people and the Namibian people struggling to restore their national rights and for national independence and liberation. The Chinese people gave strong backing to the struggle of the South African people against racial discrimination and apartheid. He urged that the studies called for by Conference resolution 109 (V) and Board resolutions 238 (XXIII) and 239 (XXIII) be given urgent attention.

329. The representative of the Ukrainian Soviet Socialist Republic stated that his country supported the struggle for liberation in all forums. He noted that a number of resolutions of the General Assembly and the Economic and Social Council appealed to all international organizations, including UNCTAD, to support the struggles of the Palestinian people and the oppressed people of southern Africa for liberation. He took note of the oral report by the Deputy Secretary-General of UNCTAD, which showed the need for an intensification of the relevant studies, which were directed toward the pursuit of the inalienable right of self-determination. He endorsed the remarks of previous speakers who had pointed out the growing tension in the Middle East as a result of Israeli aggression in Lebanon which had

brought out more acutely the problem of the Palestinian people. Recalling the support given by the Ukrainian Soviet Socialist Republic to the national liberation movements of Namibia through its membership in the United Nations Special Committee against Apartheid, he stated that all attempts to resolve the problem of Namibia peacefully had failed, due to the stubborn unwillingness of the Pretoria régime, backed by imperialist monopolies, to give up their colonial role over Namibia's rich resources. He urged the timely completion of the studies called for in Conference resolution 109 (V) and Board resolutions 238 (XXIII) and 239 (XXIII).

330. The representative of Nicaragua stated that the subject of Conference resolution 109 (V) was related to the experience of Nicaragua, which had been characterized by internal colonialism supported from outside. He declared his delegation's support for PLO, SWAPO and the national liberation movements of South Africa in their struggles. He requested the Board to take all necessary steps in support of the national liberation movements and urged that the studies undertaken in pursuance of Board resolutions 238 (XXIII) and 239 (XXIII) be directed towards strengthening the drive of the peoples concerned towards self-determination.

331. The representative of Israel, in exercise of the right of reply, said that he had already had the occasion to refute the unfounded and unbiased attack made on his country during the course of the debate. The weapons that had been supplied by the Soviet Union and by some of the Group D countries had maimed, burned and killed the population of towns and villages in Israel in the same manner as any other weapon that had been used in Lebanon. But the trouble was that the effects of those particular weapons could not be seen on the television screens or read about in the press of the countries of their origin, where much else was also hidden from the public. The same held for the Arab countries. As far as Lebanon was concerned, the action of Israel had been undertaken in accordance with the right to self-defence because of continued terrorist attacks on Israeli settlements in the north. To the extent that there had been civilian casualties, they had been the result of the fact that the terrorist organizations had hidden purposely behind the screen of civilian targets. That was particularly true of Beirut. He paid tribute to the representative of Lebanon, whose statement underlined that a war had been going on for the last eight years in Lebanon; not only a civil war, but also a war of intervention by others. He stressed that the representative of Lebanon had mentioned only that war and no other. He commended the representative of Lebanon for his quotation from the statement from the Lebanese President-elect, which he described as courageous, and he expressed the hope for a prosperous and happy future for a Lebanon with territorial integrity, independence and a strong government.

332. The observer for PLO, invoking the right of reply, thanked all the delegations that had spoken on behalf of the Palestinian people. She said that the representative of the Zionist entity claimed and expected the international community to believe that foreign occupation was a precondition for social and economic development.

333. The Israeli occupation authorities vainly sought to conceal the tragic social and economic conditions they had brought upon the Palestinian people by resorting to such ridiculous claims. Even if these claims, for the mere sake of argument, were to be taken seriously for one instant, she inquired how it came about that the Israeli authorities had flatly and repeatedly refused United Nations bodies and experts to undertake field studies on the impact of the Israeli occupation on the economy of the occupied Palestinian territories.

334. Israel had been the only State created by a United Nations resolution. Now Israel was the main nation to disdain United Nations opinion and decisions. Israel's persistent policy had been, and still was, to scatter all the Palestinian population, to make it homeless and to leave it homeless. To that end, Israel did not hesitate to invade and attack sovereign countries in order to persecute and scatter Palestinians everywhere. It was in vain that Israel tried to justify such acts, which were clearly condemned by all international law and basic moral principles as "combating terrorists".

335. She called upon the international community to define what she termed Israel's daily acts of aggression, within and outside of that country's jurisdiction, and the past and present activities of Israel's current Prime Minister. Her delegation rejected the allegations of terrorism. The international community would finally have to decide what was legitimate defence, brutal aggression, disregard for internationally accepted humanitarian laws, and terrorism. Not only recently, but over the years Israel had shown how little it cared for peace and how it had been unable to learn from history. Despite the failure of the Nazis to exterminate all the Jews, it appeared that Israel's aim was to exterminate 4-5 million Palestinians. The recent full-scale invasion of Lebanon by Israel belonged to a pattern of genocide and attempted genocide in the light of the definition given in the Convention on the Prevention and Punishment of the Crime of Genocide (General Assembly resolution 260 A (III), annex).

336. The representative of the Organization of African Unity (OAU) expressed appreciation for the continuing co-operation of members of the Board in facilitating assistance to national liberation movements. This close co-operation had contributed to and resulted in a deep understanding of the needs of the peoples of Namibia and South Africa. The consideration of this item by the Board would further increase the efforts of the international community in the speedy implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples (General Assembly resolution 1514 (XV)). That Declaration, adopted in December 1960, as well as other resolutions and decisions adopted by the General Assembly and the Security Council, had obliged all States Members of the United Nations, the United Nations and its specialized agencies to step up the process of decolonization and the elimination of apartheid and racism in conformity with the Charter and principles of the United Nations.

337. The Organization of African Unity appreciated the efforts made by the United Nations, the specialized agencies and other international organizations and which, over the years, formulated or continued to extend concrete programmes of assistance to the Namibian and South African peoples under the leadership of SWAPO, ANC and the Pan Africanist Congress of Azania (PAC). On the question of Palestine, OAU supported the rights of that people, including their right of establishing a State of their own. There was no need to go into details. The international community was fully aware of the existence of a similar pattern of exploitation in Namibia and South Africa. The holding of free and fair elections in Namibia under the supervision and control of the United Nations, as called for in Security Council resolution 435 (1978), constituted the real basis for the settlement of the Namibian problem. The present situation in Namibia demanded increased assistance. Hence, the international community should intensify its assistance to the liberation movements recognized by OAU, namely, SWAPO, ANC and PAC.

338. The representative of the League of Arab States expressed the support of his organization for PLO as the sole legitimate representative of the Palestinian

people. He stated that in relation to SWAPO, ANC and PAC, the Arab League had adopted the Dar-es-Salaam declaration as a basis for support to these national liberation movements. He recalled that Conference resolution 109 (V) had called for studies and periodic reports on the part of the UNCTAD secretariat. He urged that, in the preparation of these social and economic studies, particular attention should be paid to barbaric attacks by Israel on the Palestinian and Lebanese peoples, the former having suffered since 1948.

339. The observer for SWAPO declared that SWAPO, as the sole and authentic representative of the people of Namibia, appreciated the assistance extended by the United Nations system to the struggle of the people of Namibia against South African domination. He appealed for an intensification and acceleration of this assistance and he stated his desire to be associated with the statement of the representative of OAU.

340. The observer for ANC expressed gratitude for all the support received by ANC from the international community and he expressed support for the statements made on behalf of the Group of 77 and Group D. Referring to recent events in Lebanon, he characterized the Israeli invasion as a murderous invasion and genocidal attack on the people of Lebanon and Palestine.

Consideration in plenary

Action by the Board

341. At its 598th meeting, on 17 September 1982, the Board took note of the oral report that had been made in Sessional Committee I by the Deputy Secretary-General of UNCTAD pursuant to its resolutions 238 (XXIII), paragraph 5, and 239 (XXIII), paragraph 2 (see paras. 304 and 306 above).

B. Conference resolution 127 (V): Economic co-operation among developing countries

342. At the second part of its twenty-fourth session, the Board decided to continue the consideration of this subject at its twenty-fifth session, in order to allow further time for study of the reports submitted by Mr. Hassan Ali Dabbagh (Kuwait), President of the Board at its twenty-third session (TD/B/892) and (TD/B/905).

343. The spokesman for Group B said that his Group was concerned that the issue of ECDC in UNCTAD was continuing to encounter obstacles that impeded progress on the substance of ECDC. As had been stressed at the recent session of the Economic and Social Council, ECDC was an instrument for the developing countries to mobilize their own resources and should receive the support of all countries. The reports by Mr. Dabbagh that were before the Board at its present session showed that some progress had been achieved, although real problems remained, and Group B hoped it would be possible to find an agreed and comprehensive solution to the difficult problems remaining.

344. The spokesman for the Group of 77 said that his Group took an equally positive view of the problem, considering that it was easy to find a solution to it provided there was sufficient political will to do so. The question should continue to be examined at the present session, so that a definitive and satisfactory solution could be found before the end of the session.

345. The spokesman for Group D said that his Group had already stated its position on the subject and was ready to continue examination of the question at the current session. His Group expected ECDC to encourage the creation of trade flows without their having trade-distorting effects to the detriment of other groups of countries.

346. At the 590th meeting, on 8 September 1982, Mr. Dabbagh said that the results of his consultations gave rise to some optimism, as no group had disputed the importance of ECDC. However, different views had been expressed as to which countries should be involved in economic co-operation. One group considered that any country was entitled to consider itself a developing country. Another group thought that countries should not be deprived of their prerogative to decide with which countries they would co-operate. His consultations had made it possible to define the different positions clearly and to show the way to take out of the impasse.

347. The representative of China pointed out that the international community had acknowledged the growing importance of economic co-operation among developing countries. He added that such co-operation should take place in the light of the mutual benefits of all the countries involved and that China, as a socialist developing country, was prepared to strengthen its economic co-operation with other developing countries. He hoped that a consensus on the question would emerge from the current session.

348. At the 598th meeting, on 17 September 1982, the President reported on the consultations that had taken place in the President's Contact Group and with the co-ordinators of regional groups. He said that, in spite of these intensive consultations, it had not proved possible to reach a satisfactory conclusion on the question of ECDC activities in UNCTAD and that it was generally felt that the matter should be taken up again at a short resumed session of the Board that could be held in October 1982. In the meantime, he would continue his informal consultations with interested delegations. He also drew attention to a draft resolution on ECDC, which had been submitted by the Libyan Arab Jamahiriya on behalf of the States members of the Group of 77 (TD/B/L.639), saying that it was understood that the draft resolution would be considered when the Board resumed its twenty-fifth session.

Action by the Board

349. At the same meeting, the Board agreed that it would hold a second part of its twenty-fifth session in order, inter alia, to resume consideration of the question of ECDC activities in UNCTAD (Conference resolution 127 (V)) and that it would consider also at the second part of its twenty-fifth session draft resolution TD/B/L.639. It invited the Secretary-General of UNCTAD to present to the Board at the resumed session the financial and other implications that might arise from the provision of additional resources for the work programme of UNCTAD in the area of a global system of trade preferences among developing countries (section B of the draft resolution).

350. The spokesman for Group B, recalling his earlier statement (see para. 343 above) that his Group would participate in the consultations on ECDC in the hope that it would prove possible to find an agreed and comprehensive solution to the difficult problems remaining, said that in his view some significant progress had been made. The Board had been able to build on the valuable reports by Mr. Dabbagh

and it was right that it should resume consideration of this subject at a second part of the session. His Group hoped that the momentum could be maintained and that a solution would be found at the resumed session. All groups and individual Governments should utilize the time until then in such a way as to enhance the possibilities of reaching a solution. For its part, Group B would spare no effort to that end.

351. The spokesman for the Group of 77 stated that his Group was disappointed that no practical solution had been reached on the vital question of ECDC activities in UNCTAD, which was the most important item on the Board's agenda. The Group of 77 had started negotiations in good faith, hoping that some of the problems facing the other groups could be solved, but the efforts had been to no avail. His Group agreed that there should be a resumption of the session, devoted to this particular question, and was ready to continue negotiating and consulting with other groups in the interim. He stressed the importance that the Group of 77 attached to this question and urged that it should be considered seriously and examined in its varied and different aspects so that a fruitful solution could be reached.

352. The spokesman for Group D stated the consultations conducted by the President on this subject, in which his Group had fully participated, had been extremely useful and had helped to clarify certain aspects of this complex problem. The countries of his Group were ready to participate with goodwill in any further consultations in the hope that an appropriate solution could soon be found, to the satisfaction of all interested parties.

353. The spokesman for the Group of 77, speaking at the closure of the first part of the session, on 23 September 1982, stated that some achievements had been made in respect of the question of ECDC activities in UNCTAD. Various points of view had been put forward directly by the parties themselves, and a series of consultations had brought about a better understanding among the parties. Although the consultations had not led to a conclusive result, initial agreement could be detected on the following principles:

(a) UNCTAD was a major, if not the most important, international forum for the monitoring and promotion of ECDC. That had not been disputed and, indeed, most of the statements made had confirmed this role played by UNCTAD;

(b) All the member States, whether individually or as groups, supported and promoted the principle of ECDC in accordance with the various resolutions adopted in international forums;

(c) The Committee on Economic Co-operation among Developing Countries, and the secretariat of UNCTAD, must be supported and must be allowed to continue their assigned tasks without interference or restriction.

354. He hoped that the consultations that had taken place during the session of the Board would create an appropriate climate when the Board resumed the session and would prepare the way for a general consensus on the problems facing the other groups in their search for agreement with the Group of 77 on acceptance of the global system of trade preferences among developing countries. He further hoped that the Secretary-General of UNCTAD would be called upon to continue his support for the programme of economic co-operation among developing countries.

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

Consideration in Sessional Committee I

355. For its consideration of this item, the Board had before it background notes by the UNCTAD secretariat on the multilateral trade negotiations (TD/B/913), a draft resolution on developments in the international trading system (TD/B (XXIII)/SC.I/L.7/Rev.1), submitted by Gabon on behalf of States members of the Group of 77 at the twenty-third session of the Board, 10/ and the statements by the Director of the Manufactures Division at the 4th meeting of Sessional Committee I, at that session, 11/ on 1 October 1981, and at the 3rd meeting of Sessional Committee I, at the Board's twenty-fourth session (TD/B (XXIV)/SC.I/Misc.1), on 9 March 1982. In addition, the Board had before it a communication from the Government of Hungary containing observations on the secretariat's background notes (TD/B/913/Add.1).

356. The Chairman of Sessional Committee I recalled that the Board, in its decision 248 (XXIV) had, inter alia, remitted deliberation of this item to its twenty-fifth session, together with the draft resolution and statements referred to in the preceding paragraph and the views expressed during the discussions on the matter at its twenty-fourth session. It had further requested the Secretary-General of UNCTAD to assist the deliberation of the item at its twenty-fifth session. The background notes by the UNCTAD secretariat had been prepared pursuant to this request. He also drew attention to the other documentation before the Board relevant to this item.

357. The Director of the Manufactures Division, speaking on behalf of the Secretary-General of UNCTAD, 12/ said that, since the preparation of the background notes by the UNCTAD secretariat, there had been activity in international trade relations that made it necessary to elaborate on the notes in respect of (a) safeguards, (b) the security of the GSP and (c) domestic legislation. In these areas, and in other areas dealt with in the background notes, the actual conduct of international trade relations had moved a long way from the basic theory and principles upon which the multilateral system was based, and as embodied in legal form in the GATT. This movement was consistently in the direction of managed trade. It was being achieved through a series of "pragmatic" decisions rather than under internationally agreed principles. An examination of the fundamental problems was required to determine whether the move towards managed trade was irresistible, in which case the logical next step would be to create a new and equitable framework within which such management could take place, or whether it was possible to return to the tariff-based GATT system of which the GSP was an essential component.

358. The spokesman for Group D said the present situation in the international trading system required joint efforts to ensure the effective application of generally accepted rules and principles, particularly unconditional most-favoured-nation treatment and to re-establish confidence in international trade relations. The countries of Group D were among those most subjected to protectionist measures, discriminatory quota restrictions and other unilateral arbitrary actions introduced and maintained very often for non-economic reasons. They wished to underline the following preoccupations raised by the UNCTAD secretariat in its background notes (TD/B/913): erosion of unconditional most-favoured-nation treatment; legalization of practices not in conformity with the GATT; the failure to find a satisfactory solution to many problems in GATT, that is, trade in agricultural products, quota

restrictions and settlement of disputes; the abusive and arbitrary interpretation of such criteria as "injury", "market disruption" and "reciprocity"; continued loosening of the contractual character of GATT; and the unresolved question of safeguard actions, where selectivity represented a major threat to the whole trading system.

359. While Group D in general appreciated the documentation prepared by the secretariat, it did not share the evaluation relating to the GATT rights and obligations of some socialist countries, contracting parties to GATT. The evaluation was sometimes based on factual errors.

360. In the view of countries of Group D, it was not realistic to set such an objective as moving towards a new, more universal international trading system when in the present situation the mutually accepted principles and rules were not only not respected, but even abused and violated. There was an urgent need for action towards the restoration of the effectiveness of the existing rules, principles and practices.

361. Group D expected UNCTAD to discuss and evaluate the urgent problems of international trade policy, especially those arising from the implementation of the multilateral trade negotiations (MTN) agreements and arrangements. This was more important in the light of the forthcoming sixth session of the Conference.

362. The spokesman for the Group of 77 referred to the draft resolution submitted on behalf of his Group and emitted to the present session (TD/B(XXIII)/SC.I/L.7/Rev.1). He called for negotiations on that draft resolution with a view to reaching an agreement.

363. The representative of the Union of Soviet Socialist Republics emphasized that the implications for international trade of the MTN agreements and arrangements constituted an important issue, in particular in the light of the current situation in the world economy and international trade. He said that UNCTAD should systematically examine the implications of the activities of other international organizations, in particular GATT, regarding all international trade flows.

364. He added that that economic crisis in market-economy countries seriously affected international trade. Rising military expenditure constituted a heavy burden for national economies. Trade and political, as well as other measures applied by certain market-economy countries, particularly by the Government of the United States, had a growing negative impact on international trade. There was a clear trend towards increased trade discrimination, further limitation of the unconditional most-favoured-nation principle and expansion of new forms of protectionism, applied by the main trading nations. There was also a proliferation of trade restrictions for non-economic reasons.

365. He said that the idea of creating "a more universal international trading system with the establishment of mutually acceptable principles and rules and practices for trade between all groups of countries", as suggested in the secretariat's background notes, was doubtful when equitable and mutually beneficial principles and rules and agreed obligations fixed in GATT, the Final Act of the first session of UNCTAD and the Charter of Economic Rights and Duties of States (General Assembly resolution 3281 (XXIX)), not only were not being met but were even being violated.

366. Efforts should first of all be concentrated on the strict fulfilment of the already established principles, rules and practices, in particular the application of the unconditional most-favoured-nation principle. Only after that could the question be raised of improving and modernizing the international trading system.

367. There was a need for an effective and non-discriminatory "safeguard clause", with clear economic criteria established for notions such as injury and market disruption. In his view, UNCTAD should concentrate its efforts on finding out the reasons that hampered the normal and stable development of international trade and economic relations, taking into account the interests of all, in particular the interests of developing countries. This task was of particular importance with regard to the forthcoming sixth session of the Conference.

368. He could not agree with paragraph 24 of the document in which an opinion was cited that the system of foreign trade management in socialist countries represented, by itself, a barrier to the development of international trade and economic co-operation. Socialist countries had in the past strongly opposed this thesis and would continue to do so in the future.

369. In conclusion, he suggested launching negotiations on the draft resolution submitted by the Group of 77 (TD/B(XXIII)/SC.I/L.7/Rev.1) and expressed the wish to consider at length the issues referred to above at the sixth session of UNCTAD taking into account such an important event as the forthcoming GATT Ministerial Meeting and the interest of all countries.

370. The representative of Venezuela expressed his country's appreciation to the secretariat for its efforts in continuing to follow up the results of MTN and their effects on the international trading system. This work would assist deliberations in multilateral forums and help member States in the adoption of policy measures on the problems encountered. He referred to the substantive disparity between the international trading system, as it was originally conceived, and the present pseudo-system that governed trading relations. In that connection, he indicated that a trading system that lacked universality and in which the principles and contractual obligations were not respected would not lead either to overcoming economic difficulties or to fostering economic development. Taking into account the present international trade situation, which was characterized by a general stagnation in the volume of trade and by a substantive change in the product composition of its flows, this was not the right moment to introduce practices that departed from the agreed principles or to adopt exceptions to the rules. The nature and scope of these problems called, on the contrary, for a co-ordinated and systematic effort on the part of the international community towards their solution and for the progressive establishment of a truly universal trading system from the point of view both of its membership and the volume of trade covered and of the rights and obligations within its legal framework.

371. The first step towards the identification of appropriate measures was a systematic and continuing analysis of the evolution of the present trading system and the rules and principles by which it was governed. Sporadic evaluations undertaken when a crisis was present was not the best answer. Nor was it useful to expand further its scope without first assuring the full respect of its rights and duties.

372. He agreed with the Director of the Manufactures Division that the forthcoming GATT Ministerial Meeting would facilitate the sounding of the international

community's political will to adopt decisions relevant to the present situation. He stated that the nature of the problems under examination required nevertheless the abandonment of prejudices with respect to forums. In that connection, UNCTAD had a special responsibility for continuing its work in that area, as called for in General Assembly resolution 1995 (XIX).

373. The spokesman for Group B recalled the essential questions that his Group had already raised at the previous two sessions concerning (a) the nature, scope and need for the review that had been proposed in the draft resolution submitted on behalf of the Group of 77, (b) the relationship of any such review to all other UNCTAD work in the trade field, such as that which took place in a sessional committee at the first regular session of the Board each year or in connection with consideration of the Trade and Development Report at the second regular session, and (c) the relationship of the work undertaken in this field in UNCTAD on the one hand and in GATT on the other.

374. He said that Group B was very ready to continue serious discussion of these issues with other regional groups and stated his belief that considerable progress had already been achieved in the discussions, based on the draft resolution submitted by the Group of 77. It was therefore the view of his Group that the Board should try to achieve a consensus resolution at this session, and he agreed with the suggestion of the spokesman for the Group of 77 that adequate time be provided for negotiation of that resolution.

375. The spokesman for the Group of 77 agreed with the spokesman for Group B that some progress had been made in consideration of the draft resolution and that there was room for arriving at some conclusion. The Group of 77 was prepared to continue the discussion, as time was now pressing for a review of the international trading system to be undertaken.

376. He believed that it was acknowledged by all that there was a role for UNCTAD in reviewing the international trading system, and he stated his belief that there was general concern about the flaws in that system. There was a remarkable coincidence in the analyses contained in the annual reports by the secretariats of different international organizations, including IMF and the World Bank, which had expressed concern with the way in which the international trading system had failed to avert the worsening of the present crisis. Even in GATT it was acknowledged that there was a need to do something, and this was the main reason for the GATT Ministerial Meeting. It was now time to proceed at a different level to negotiate on the draft resolution submitted by his Group

377. The representative of China thanked the Director of the Manufactures Division for his thought-provoking statement. He observed that a number of recognized principles in the international trading system had been or were being violated or weakened. The spread of bilateral protectionist measures such as "voluntary export restraints" and "orderly marketing arrangements" had not only hindered the development of international trade, but also had seriously impaired the interests of the developing countries. There was a tendency for unilateral restrictions by developed countries on labour-intensive products, such as textiles and clothing from developing countries, to be extended to other areas of newly emerging industrial products. Such practices contravened the objective of the Tokyo Declaration, which called for special and more favourable treatment for the developing countries. It was therefore necessary to study how the international trading system could be transformed to promote the development of the world economy and particularly the economic and social development of the developing countries.

378. He stated that any reform should be conducive to the establishment of a new international economic order and to the expansion of economic co-operation between developed and developing countries on the basis of equality and mutual benefit. The reform should take into consideration the realities of the international economic relations, particularly the role of developing countries in international trade. The improvement of the terms of trade of developing countries not only would serve as a way for developed countries to overcome their economic difficulties but also would constitute a prerequisite for the smooth development of international trade. The reform should cover a wide range of issues and therefore should have the support of all countries and territories, particularly the full participation of the developing countries. He hoped that the sixth session of UNCTAD would take effective measures for the transformation of the international trading system. He also referred to the mandate given to UNCTAD in paragraph 7 of General Assembly resolution 36/145 for examining developments in international trade and said that the assertion that UNCTAD could not undertake actual negotiations ran counter to the spirit of that resolution. He held that UNCTAD had an important role to play in this regard.

379. The representative of Sri Lanka, referring to developments in the international trading system, indicated agreement with the UNCTAD secretariat in its document, which rightly stressed the decline in the importance of tariffs as a basic instrument of trade policy. That was due not only to the negotiations on tariff reductions within GATT but also to the existence of flexible exchange rates that had in fact reduced the effectiveness of tariffs. He felt that the world was therefore now in the era of non-tariff measures. Non-tariff barriers were basically illegal under GATT, and many countries had resorted to measures such as voluntary export restraints and orderly marketing arrangements, since they could protect their markets without having to conform to the multilaterally agreed safeguard procedures. Since those measures fell outside the disciplines of GATT, they tended to be discriminatory and restrictive in nature. As a result of such measures, whole sectors of trade were now managed or administered under this framework. In his view, a question that was raised with some validity was whether under such a system there could be multilateralism and non-discrimination - the twin pillars of GATT.

380. He noted that there was a clear shift to bilateralism and discrimination, best exemplified by the Arrangement Regarding International Trade in Textiles (MFA), where only imports of textiles and clothing from developing countries were said to cause market disruption and not imports of these products from developed countries. Several concepts, such as market disruption, material injury and serious injury, had arisen in this context that were not based on objective economic criteria and lent themselves to unilateral interpretation.

381. He referred to a significant expansion of intra-firm trade among member countries of OECD and indicated that such trade, being more predictable, could be regarded as administered or managed trade, with the potential for use of practices that were restrictive or otherwise not in the social interest of one or other trading partner. In that context, he pointed out that GATT was silent on restrictive business practices and intra-firm trade. He questioned whether the present system, which had been set up many years ago, was able to tackle emerging patterns of trade and whether it was responsive enough to the dynamics of world trade. For that reason, he supported the draft resolution submitted by the Group of 77 calling for a review of the international trading system and for making suggestions for possible decisions on the improvement of such a system.

382. The spokesman for EEC and its member States said that he first wished to complement his remarks at the twenty-fourth session of the Board on trading practices by commenting on two specific references to agriculture in the secretariat document (TD/B/913). He noted that at the time of the formation of the Community the new tariff rates were mostly bound at lower levels than before, and that EEC recognized that the specificity of the agricultural sector merited special treatment. That said, he suggested that at its current session the Board should concentrate its attention on the broadly institutional thrust of the document. He agreed that a strategy based on general principles was needed but contested the views that (a) the present system had become no more than a series of agreements based on no common set of principles, (b) the consequent "non-system" was being undermined from within by what the authors called the "sub-system", (c) the ways in which account had so far been taken of the existence of different economic and social systems and of different levels of development had been inadequate and discriminatory, and (d) it was only the contracting parties to GATT, and specifically the developed market-economy countries, that found themselves in front of hard choices.

383. He believed that the GATT system faced very grave problems, but it had demonstrated its capacity to respond to the challenge of changing circumstances. While the growing diversity of economic and social situations and levels of development among the Contracting Parties, and the increasing complexity of trade relations, had given birth to a number of special and frequently bilateral arrangements within or connected to GATT, or outside it, it was not true that - in sum - these had so departed from the founding principles of most-favoured-nation, erga omnes, and of (non-)reciprocity as to render those principles devoid of content. The majority of trade was still conducted on a most-favoured-nation basis, and the major derogations made under the Enabling Clause had been made by, with and for developing countries. Moreover, the tangible benefits of several of the new non-tariff codes would apply on an unconditional basis. With respect to the Codes on Standards or on Government Procurement, was the progress achieved between signatories in these areas not better than no progress at all? For example a "universal" code on government purchasing negotiated between the countries of widely differing economic and social systems was hardly conceivable. It was wellnigh impossible to believe that an entirely new set of universal rules could have better encompassed diversity without, at best, becoming so anodyne as to be rendered largely ineffective and, at worst, opening the door to more, not less, protectionism.

384. Regarding the effects on GATT of customs unions, free-trade areas and regional preferential agreements, it seemed of small moment that the importance of such arrangements had not been foreseen earlier or that GATT now had a smaller number of more weighty partners. The Community had no doubt that its formation and evolution had a positive effect on trade liberalization and a restraining effect on protectionist tendencies and, as the report of the GATT Working Party showed (document L/5292), the Second Lomé Convention had recently been given a pretty clean bill of health in GATT. Were GATT contracting parties being invited to take a different view in UNCTAD?

385. The references in the secretariat document to discrimination against developing and State-trading countries arrived, as they were intended to, at the conclusion that a wholly new set of rules was required to prohibit discrimination against any particular group of countries and create a clear obligation to increase the developing countries' share of world trade. This last objective was clearly

unexceptional, since no one would contest the notion that the constraints imposed on trade by the very facts of underdevelopment were of a different nature and more serious than the constraints experienced by more developed countries. The Community agreed that every possible effort must be made to ensure that the advantages of Part IV of GATT and of GSP were not surreptitiously eaten away by inadequate safeguards procedures, by a continuing slide into quasi-permanent steps taken against "market disruption", and so on. However, nothing suggested that preferential benefits should never be altered however much the constraints of under-development were overcome, and the progress achieved by certain developing countries should logically lead to examination of the question of great all-round participation in the trading system.

386. With respect to the State-trading countries, he said it would be of interest to know what kind of framework would best promote East-South trade. Moreover, it was not very constructive to talk in general terms about unconditionality without confronting the crucial question of how to reconcile the very differing views of the developed market-economy countries and the countries members of CMEA over the question of reciprocity. Greater reference might have been made to deliberations with the Economic Commission for Europe (ECE) on these matters. In addition, it was too easy, and less than fair, to state as a fact that the developed market-economy countries discriminated against the countries members of CMEA by virtue of the GATT protocols of accession, while stating as the opinion only of developed market-economy countries that there was discrimination in the opposite direction by the CMEA system.

387. The alternatives put forward by the secretariat of reverting to the full application of the old tariff-based GATT system or of drawing up new and comprehensive rules appeared to the Community to be somewhat simplistic and incomplete. The first option was simplistic because it would involve the daunting prospect of unravelling the existing complex skein of production and trading relations. The second option was incomplete in that it demanded no parallel efforts on the part of non-GATT, and especially of State-trading, countries.

388. In conclusion, the spokesman for EEC and its member States agreed that the situation prevailing in international trade relations was far from satisfactory and fully recognized the need for a strategy based on accepted principles. However, the secretariat's analysis was disappointing in its insistence that there were only two effective options. The Community and its member States believed there was a median - and more promising - way between these two extremes. The forthcoming GATT Ministerial Meeting would have a crucial role to play in that context in helping to refine an overall strategy and in making progress towards greater universality. It was therefore to be hoped that developing countries would participate actively in that Meeting. UNCTAD would also have an important role to play via periodic analyses of the impact on world trade and development of the trading principles, policies and practices of all countries and groups, which by definition would involve examining the various trade problems he had referred to. He therefore firmly associated the Community with the hope expressed by the representatives of Brazil and China that at the present session the Board would be able to reach agreement on the appropriate framework within which the reviews should be conducted.

389. The representative of Canada agreed that a number of issues identified by the secretariat in its background notes deserved urgent attention. These included the effect of regional trading blocks such as EEC and its preferential trade agreements; the need to negotiate a new safeguard clause; new, orderly marketing

arrangements outside multilateral disciplines; the effect of the imbalance in the liberalization of fixed protective measures; the threat of increasing bilateralism; and the importance of implementing international obligations in domestic law. However, the major weakness in the secretariat's background notes was their emphasis on the perspective of the developing countries to such a degree that it cast trade problems in a North-South context and overlooked the fact that many of the problems identified affected trade relations among developed countries to even a greater extent.

390. The developing countries were not alone in believing they had not achieved equilibrium in the overall balance of rights and obligations of GATT. Indeed, the greatest threat to the trading system arose from developed countries. The document correctly identified certain other important developments in international trade, such as the development of the concept of market disruption that was being used to justify new types of safeguard action, the concept of conditional MFN treatment applied to agreement on non-tariff measures and the weaknesses of GATT in dealing with certain sectors, such as agriculture, textiles, steel and automobiles. However, these were general characteristics affecting all trading nations and not specifically developing countries.

391. While he understood the desire of the UNCTAD secretariat to emphasize the developing countries' perspective on this issue, there should be greater balance in its analysis. He pointed out that the recent Commonwealth Expert Group, 9/ which had drawn heavily on UNCTAD discussion, had recognized that GATT had substantial achievements to its credit and that its very existence had probably prevented more backsliding from its founders' liberal trading ideals than there had actually been.

392. He said that the observations and conclusions offered at the end of the document were either unrealistic or of such a general nature that they would be very difficult to translate into reality. In the latter category one could include the suggestion of a mechanism to be established for the continuous review of trade relations with priority being given to general understandings on the application of the basic concepts underlying international trade relations, such as reciprocity, MFN, preferential and more favourable treatment in favour of developing countries, to guide the conduct of international trade relations and future negotiations. If the GATT concepts had proven inadequate in the face of new developments in trade relations, then they should be redefined with reference to special issues, or specific issues, as for example trade in services. Any attempt to redefine basic concepts by themselves would be a time-consuming and futile exercise, absorbing resources that might be better addressed to more immediate practical problems.

393. Regarding the option to revert to the full application of the tariff-based GATT system and the elimination of all non-tariff measures, he considered this was unrealistic, and was only designed to increase the attractiveness of the second option, that is, to fashion new rules and principles designed to ensure an equitable management of trade. It was unlikely, in the current economic and political situation, that countries would agree to devote the resources necessary to negotiate sweeping new principles, especially if the starting point was to provide measures for ensuring an increasing share for developing countries in the trade of products concerned.

394. The present tensions in international relations represented formidable challenges to organizations such as GATT. While recognizing that conditions of world trade had changed since GATT was founded in 1947, he said that the UNCTAD

secretariat overstated the case in its contention that the tariff-based system could have given rise to the present economic crisis. The crisis was in fact rooted in a myriad of social and political factors. GATT had responded to changes in world trade, and initiatives such as the forthcoming Ministerial Meeting and the elaboration of a work programme in response to the problems of world trade in the 1980s had similar objectives. In that Meeting, Ministers would need to face up to three major points: first, the cost of protectionism; second, whether major trading nations would accept multilateral trade disciplines to a greater extent than before; and third, whether developing countries could be sufficiently convinced of the value of the multilateral trading system that they would contribute in a constructive, positive way to the outcome of the Ministerial Meeting. Underlining all of these issues was the question whether the major trading countries could muster the political resolve required to deal with them.

395. Regarding specific issues before the GATT Ministerial Meeting that were identified in the secretariat's background notes, he said that the failure to reach a safeguards agreement in MTN gave witness to the sensitivity and the complexity of the issue. The next few weeks would see whether misgivings could be overcome and the range of trade-restrictive measures (which had begun to proliferate in recent years outside GATT) would be brought within the multilateral discipline. Other aspects of the safeguards issue were selectivity, bilaterally agreed or unilateral criteria, and conditions for action. Regarding dispute settlement, the question was whether the major contracting parties would accept multilateral disciplines to a greater extent, and whether effective remedial action could be taken against actions declared wrong by GATT.

396. He added that the general issue with respect to developing countries was whether they could find enough in the package as a whole to make for a politically positive result. At the moment, some developing countries claimed there was not enough promise in traditional areas of interest to them: quantitative restrictions, tropical products; they felt threatened by new proposals on counterfeiting, services and investment, while at the same time being pressed on graduation. Other issues were whether part IV of the General Agreement on Tariffs and Trade and the Enabling Clause could be given real operational meaning, and what improvements might be made in market access for products of export interest to developing countries, as well as the issues of safeguards, dispute settlement and agriculture.

397. With respect to agriculture, he considered that the question of equalizing treatment as between agricultural and industrial products under GATT would largely depend on interactions between developed countries members of GATT. With respect to institutional matters in the area of agriculture, if a specific GATT body on agriculture was to be established, the question arose of how it would work. Regarding non-tariff measures, Canada believed that many problems remained, especially those relating to quantitative restrictions. The issue was whether renewed effort would be agreed upon to tackle these issues.

398. He believed there were a number of constraints faced by the international community in the period leading up to the GATT Ministerial Meeting: the inherent complexity and intractability of many of the issues, the difficult international economic environment, the developing countries' balance-of-payments deficits, and the challenges presented by bilateral relations. Viewed in another perspective, the constraints were precisely why trade ministers needed to meet.

399. While Canada agreed that these issues deserved attention, its agreement did not necessarily imply that they should be addressed in a detailed, ongoing way in UNCTAD. He hoped the GATT Ministerial Meeting would be effective in reaffirming the necessary political commitment to the multilateral trading system, solve current trade problems and redirect the focus of Governments toward a forward-looking trade policy that would contribute to economic recovery. How these issues were addressed in UNCTAD could, in Canada's view, only be evaluated after the GATT Ministerial Meeting.

400. Finally, Canada shared concerns about attempts to apply national legislation on an extraterritorial basis. However, it did not believe that any discussion on this point by UNCTAD was appropriate at this time.

401. The representative of Australia found the secretariat's background notes to be of considerable interest both in the context of the remarks made by the Secretary-General of UNCTAD, in his opening statement to the Board, on the interrelationship of the major problems facing the international trading system and in the context of preparations for the GATT Ministerial Meeting and the sixth session of UNCTAD. The documentation was a useful contribution by the UNCTAD secretariat to the consideration of the state of the world trading system and of possible areas for future debate within UNCTAD. However, he could not agree with all the conclusions of the secretariat, particularly on the need to establish another world trade review mechanism. His country fully endorsed the view that trade was a key issue in the North-South dialogue and that the GATT Ministerial Meeting offered an important opportunity to influence developments.

402. Referring to the main barriers that existed to the promotion of an equitable system for global trade and economic development, namely inflation, unemployment, protectionism and anachronistic economic structures, he noted that these problems were interrelated and had to be tackled simultaneously.

403. He agreed with the secretariat's comments that the developing countries had not received equal benefits from the Tokyo Round of multilateral trade negotiations; for example, tariff cuts on products of interest to them were less than the overall rate of tariff reductions. Protection on agricultural products had not been treated then and had remained high, and GSP had had limited impact in improving market access; similarly, the incidence of non-tariff barriers in developed countries was frequently in sectors in which the developing countries had a comparative advantage.

404. Referring to the importance of the trade relationships between developed and developing countries, he said that many countries have addressed this issue in various forums, but that no significant improvement had taken place. He therefore felt it necessary to seek immediate solutions to these problems, particularly at the forthcoming GATT Ministerial Meeting, and it was for these reasons that Australia had put forward for consideration at that Meeting proposals on protectionism and on the interrelated areas of agriculture, safeguards, subsidies and dispute-settlement procedures. He stressed that there was a need to come forward with a programme of specific action to halt the present trend towards more protectionism and various forms of government intervention having trade-distorting effects.

405. The representative of Israel, referring to the secretariat's documentation, said that he could even add to the shortcomings of GATT as outlined therein.

Nevertheless, the record of trade of GATT members with the developing world was certainly much more positive than that of non-members. Furthermore, where GATT had not been very active, such as in the field of commodity trade, the record of UNCTAD was even worse. He felt that during the present world economic crisis the GATT system had so far performed better than other elements of the international economic and financial systems.

406. The secretariat's proposals for the replacement of the present international trading system seemed to him somewhat utopian. It could hardly be expected that realistic international negotiations would lead to an envisaged "universalization". On the other hand, the contracting parties to GATT had recognized the need to strengthen the General Agreement in order to respond to present needs. That was the underlying reason for the calling of the Ministerial Meeting. The last such Meeting had been called nearly 10 years ago and he expected the forthcoming Meeting to be more productive than the frequent sessions of the Trade and Development Board. The economic climate at present was certainly not propitious for improvements in the trading system to be agreed to, and Ministers would have to show farsightedness in order just to prevent retrograde steps.

407. He referred to the issue of graduation as presented in the secretariat's background notes, and while agreeing that it had been used as a safeguard mechanism, he did not believe that it constituted an element to "extract concessions" from the developing countries, as suggested by the secretariat. In his view, the time had come for UNCTAD to recognize that the developing world was not homogenous and that not all developing countries were equal. On the contrary, the difference in their levels of development was very large. The issue of the least developed countries was a case in point; it was an issue that UNCTAD had tried to avoid until the General Assembly convened the United Nations Conference on the Least Developed Countries. In the context of international trade negotiations, graduation was a valid concept, as developing countries, too, could make positive contributions, not only within the North-South framework, but also, and particularly, on negotiations with other developing countries.

408. The representative of India, referring to the statement by the representative of Israel, pointed out that the problems of the least developed countries had been discussed at both the fourth and fifth sessions of UNCTAD, prior to the initiative in the General Assembly in convening the United Nations Conference on the Least Developed Countries. With respect to graduation, it should be noted that the notion that benefits were transferred from one set of developing countries to another did not correspond to experience. Furthermore, in the previous 12 months developing countries had been asked for concessions in return for retaining GSP and had been threatened with its withdrawal.

409. He said that UNCTAD was entitled to discuss the whole gamut of world trade problems and the basic rules and principles on which international trade relations were based. That was not the same as trying to renegotiate the General Agreement in UNCTAD.

410. The idea of seeking additional obligations from the developing countries should not be allowed to become an excuse for the developed countries not to discharge the obligations that they had taken on themselves - obligations through the various standstills negotiated in the United Nations as well as under Part IV of the GATT. Furthermore, trade data showed that the trade surplus of the developed countries in their trade in manufactures with the developing countries had

increased from \$25 billion in 1970 to \$85 billion in 1975 and \$168 billion in 1980. These figures indicated the liberal trade régimes of the developing countries regarding the opportunities for exports from the developed countries.

411. The representative of Hungary pointed out that unconditional most-favoured-nation treatment and non-discrimination were the two basic principles of GATT and that GATT Contracting Parties had entered into reciprocal concessions on this basis. Reciprocity was a subjective notion that legitimized the unequal bargaining power of countries. He agreed with the UNCTAD secretariat in its analysis regarding the adverse effects of the conditional most-favoured-nation concept. He regretted that certain countries, or groups of countries, applied double standards, being free traders when their exports were concerned and protective as to their imports.

412. He considered the introductory remarks by the Director of the Manufactures Division to be very pertinent to the discussion and endorsed those concerning safeguard action, the attempt to create a system of managed trade and the question of domestic legislation.

413. Commenting on the statement by the spokesman for EEC, he strongly criticized the attempt to introduce the concept of "State-trading countries". He argued that the concept was used to confuse issues and to arrogate to the Community positions not warranted by its obligations. He questioned the ability of EEC to speak on the name of all developed market-economy countries. He added that the majority of his country's trading partners were not discriminating against Hungary. In connection with the Community's denial that it had discriminated against Hungary, he indicated that the Community and its member States had themselves notified to GATT their discriminatory quantitative restrictions with the object of their gradual removal. He indicated that the Protocol for the Accession of Hungary to GATT reflected that the decision to admit Hungary was made in full knowledge of the Hungarian trading system. He asked how it could now be questioned whether that system was acceptable or not. He questioned the Commission's issue of legislation that divided the world into two parts - State-trading countries and non-State-trading countries - the object being to justify discrimination against so-called "State-trading" countries. In that context, he saw a grave danger of compartmentalization of the trading system and warned that what was done today to Hungary might be done tomorrow to others.

414. The representative of New Zealand commended the secretariat for the authoritative and thought-provoking analysis of the international trading system presented in its background notes. Recognizing that international trade was of central concern to all UNCTAD members, he expressed the need for a system that promoted, rather than impeded, growth, investment and development. While his delegation held differing views on various elements of the analysis presented by the secretariat, such as whether GSP should become a legally binding instrument, such differences should not distract from the positive insight provided by the secretariat. In his view, the secretariat's overriding message was that developments in the current trading system undermined the attainment by many countries of fundamental economic and social objectives.

415. As stated by the secretariat in its paper, the GATT system had, despite its numerical increase in membership, become less universal with respect to its commitments. Important areas of trade, such as textiles and agriculture, had remained on the periphery of GATT disciplines. The international community was

witnessing a situation in which the trading system was being changed through a series of ad hoc decisions, often of a bilateral nature, which had tended to increase rather than decrease protectionist barriers.

416. In the light of the increasing problems in the international trading system, the GATT Ministerial Meeting provided a real opportunity to adopting measures to arrest the drift towards protectionism. The rebuilding of a trading system called for concerted action at the international level combined with a consensus on the need for positive structural adjustment at the domestic level. If the debate on these issues at the present session of the Board could contribute to building the necessary political will for the GATT Ministerial Meeting, in his delegation's view, UNCTAD would have fulfilled its mandate under General Assembly resolution 36/145.

417. The representative of Austria, expressing appreciation for the efforts of the secretariat in preparing document TD/B/913, stated that his authorities, while not agreeing with all the points raised, found some of them quite valid. The document correctly sketched the historical development of GATT and its functioning, but to describe the GATT trading system as a tariff-based system was at least open for discussion. He stressed that GATT had tried to respond to changing conditions in international trade by changing the pertinent regulations. The reduction of tariffs and the liberalization of quantitative import restrictions had created conditions for a stable and favourable development of world trade after the Second World War. It was the reduction of customs tariffs that had led to an increasing emphasis on non-tariff measures. This development had culminated in the Tokyo Round legal instruments, which were conducive to further evolution of a flexible framework for international trade.

418. He also mentioned the divergent interests among Contracting Parties to GATT and the necessity for a certain degree of flexibility in the application of the trade policy instruments.

419. He believed that some problems could be looked at in another way than that presented by the secretariat in its background notes. In that context, he felt, for example, that too much emphasis was placed on the Arrangement regarding Bovine Meat.

420. He recognized that the international economy was facing a very critical period, detrimental and dangerous for smaller and weaker partners in world trade, but he did not think that the entire responsibility should be put on GATT rules. The success of GATT was a function of the political will of its member States, as was the case for other organizations, including UNCTAD. He believed that the GATT framework, in spite of all its deficiencies, had prevented an uncontrolled expansion of protectionistic measures. Finally, he invited developing countries to participate in the MTN instruments and stated the readiness of his delegation to continue discussions on the draft resolution before the Board.

421. The representative of the United States of America, associating himself with the statement made on behalf of all the members of Group B, welcomed the statement made by the spokesman for the Group of 77 that his Group was willing to continue the work begun at the previous session of the Board.

422. His Government had read with great interest the document prepared by the secretariat and the Director's comments with reference to that document. While

believing that by and large both the document and the comments made would serve as useful background for the work intended to be undertaken in the board, a few observations seemed necessary. In a number of places there were observations made on topics that were not related to the specific competence of UNCTAD, that is, trade issues not related to development aspects of trade. He believed such topics were not germane to the work of UNCTAD and should be avoided in the future. Concerning the perceived changes in the basis of the international trading system, the claim was made that the most-favoured-nation principle had been replaced by something that was characterized as managed trade. He thought in part that this was based on a mistaken perception of the role of the most-favoured-nation principle, which had never been absolute. In that context had been the treatment, for example, in the GATT articles of such matters as customs unions and free trade areas and also the granting of preferences with respect to developing countries. Nevertheless, he agreed that the current trading system contained a number of departures from the most-favoured-nation principle, and that was why considerable work was going on in GATT to avoid such departures and find ways to re-establish the most-favoured-nation principle as the central principle governing international trade, which his Government supported. The secretariat's background notes also contained the view that there was an inconsistency between the MTN agreements and arrangements and the obligations under the General Agreement. His Government viewed the MTN codes as an elaboration of the GATT articles and not a departure from them. Finally, it had been observed that recent proposals suggested that countries should be asked to pay for the maintenance of preferential treatment. Such proposals had not been referred to in detail and so it was difficult to know exactly what they were. However, with regard to the recent proposal of his Government, the intention was not that suggested. The United States continued to have, and hoped to continue, a scheme of generalized preferences. The scheme contained competitive exclusions on products where special preferences were no longer required. The United States had also elaborated new proposals with the intention of responding to the desire for increased access on a preferential basis for products not currently included in the scheme and to retain some measure of preferential access for products excluded from GSP on the basis of competitive need limitations. Such a basis would secure greater predictability of access than that currently afforded by GSP. The United States continued to assess reactions to these proposals.

423. The representative of Japan recognized the importance of trade between developing and developed countries and underlined the necessity to strengthen such trade. He found appropriate certain observations and concerns expressed in the secretariat's background notes on the question of the undermining of the GATT/MTN system through measures taken outside the framework of GATT and on the problem of bilateralism. However, in its document the secretariat did not refer to the positive aspects of MTN agreements. Its evaluation of MTN was too pessimistic and one-sided, which his delegation could not accept. He emphasized the importance of maintaining and strengthening the free and open trading system embodied in GATT for tackling the current difficulties in the world economy and international trade. He expressed disagreement with the contention that GATT had dealt only with secondary issues in MTN and recalled that the negotiations covered major issues, to which much effort had been devoted in that organization.

424. He invited developing countries to participate in the MTN agreements and to become full participants of the world trading system; he particularly called on the more advanced developing countries to gradually open their markets and stated that the open-market policies of their countries would contribute to the development of the trade of less advanced developing countries.

425. The representative of Colombia, expressing support for the statement by the spokesman for the Group of 77, highlighted the objectives of the developing countries with respect to MTN. She welcomed the comments made by the Director of the Manufactures Division and the secretariat paper on this subject saying that they drew attention to the most recent developments that had occurred in the world economy and more particularly in international trade. The secretariat's work in this field, as had been pointed out by the Director, aimed at provoking a constructive and realistic analysis by Governments in seeking solutions that could be mutually acceptable to all countries concerned.

426. Her delegation endorsed the view that a series of concepts were being applied unilaterally that tended to destabilize the multilateral trading system and cast doubts on the benefits to be derived by developing countries through GSP. Such concepts concerned graduation, market disruption, conditional treatment and selectivity. In her delegation's view, these concepts should be rejected in deliberations on the international trade system and more universal rules, principles and practices should be developed that would be multilaterally adopted and should in particular take into account the situation of all countries, in particular that of the developing countries.

427. To undertake this task there were two organizations concerned: GATT and UNCTAD. In her delegation's view the work of these two organizations was complementary. On the one hand, one could envisage the general debate and the political analysis falling within the responsibility of UNCTAD while, on the other hand, contractual arrangements making possible the implementation of such results would fall within GATT. For that reason, her delegation considered that UNCTAD should continue to undertake a systematic review and analysis of the world trade situation and the evolution of international economic relations.

428. The representative of Bangladesh commended the secretariat for its thought-provoking document, which he felt gave a comprehensive review of problems facing the international trading system and provided an analysis of many problems encountered in the post-MTN era. While fully associating itself with the views of the Group of 77, his delegation was very concerned over the growing protectionism and the deterioration of the world trade climate. He stated that the least developed countries had obtained almost nothing out of MTN, in spite of the fact that the Tokyo Declaration, in paragraph 6, had agreed to give special treatment to such countries in the context of general or specific measures to be taken in favour of the developing countries. He expressed his country's hope that the forthcoming GATT Ministerial Meeting and the sixth session of UNCTAD could take positive steps to mitigate the trade problems of the least developed countries.

429. The representative of Spain, congratulating the secretariat on the excellence of its background notes and expressing appreciation for the statement by the Director of the Manufactures Division, conveyed his delegation's general support of the views contained in the document, while having reservations on various conclusions. He endorsed the need for study and reflection on recent developments in the world economy and GATT, as well as the current difficulties experienced in international trade. He indicated that his country had reached an intermediate level of development and accordingly recognized the difficulties encountered by the developing countries in benefiting from the results of MTN, in the light of his country's experience in adapting its foreign trade policies and legislation to these results.

430. Important ideas presented in the secretariat document highlighted the urgent need for study and analysis of and the search for solutions to problems deriving from *non-tariff measures*, which was a subject of current concern in GATT. Similarly, he attached importance to the unresolved question of safeguards currently under review in GATT. On the question of graduation, he considered there was a need to adapt the theory to the reality. He could not support the view that GATT was a tariff-based system, since it had evolved. His delegation felt there was need for further in-depth study in the search for solutions to existing problems. It would be useful to examine periodically the international trading system as a part of the UNCTAD programme and in that connection he hoped that at the present session the Board could adopt a resolution providing the basis for a review and analysis of the trading system.

431. The representative of Pakistan said that the crisis in the international trading system was all the more disturbing coming as it did on top of the crises of development, of falling commodity prices and of the international monetary system. The fact that it came so soon after MTN implied either that MTN had not adequately addressed the emerging trends or that the ingenuity of the protectionists had outstripped that of those trying to combat protectionism. Many were trying to play down the problem of saying that international trade was relatively free. However, this depended greatly on one's perspective. A purely statistical approach might lead to the view that trade in textiles was on the whole relatively free, given the small size of the trade of developing countries, but such a finding would not be correct, given the existence of MFA which, if its principles were strictly adhered to, would restrain exports from developing countries below their potential supply capacity or the absorption capacity of the developed country markets. In addition, the international community should attempt to forestall problems rather than wait until they were out of control. In that context, he noted that invisible measures, such as threats of action, particularly against smaller trading partners, could have as great an effect as the actual or visible implementation of protective actions. With respect to that part of trade that was said to be free, it seemed that this did not result from the strength of the international trading system, but rather from a balance of retaliatory power - an impossible situation for smaller trading countries. It was imperative to be vigilant about the negative tendencies of the situation, for instance the threats to GSP and the attempts to seek retrogressive solutions.

432. The representative of Switzerland, while sharing some of the secretariat's views on the evolution of the international trading system, believed that what was required was to analyse how the system could be adapted to respond better to today's needs for trade in goods and services. However, it would be dangerous if this adaptation were to take the form of managed trade, which was neither compatible with the basic systems of many developed and developing countries, nor in their interests. It would also increase conditional application of the most-favoured-nation clause. Switzerland supported the secretariat's efforts to find means of taking better account of the differences between economic and social systems and levels of development, but believed any attempt to improve the international trading system would need to take account of the differences between individual countries and not merely on the basis of the three broad categories (developed market-economy countries, socialist countries and developing countries). Switzerland subscribed to the secretariat's view that the system should be capable of adapting to changes in comparative advantage. That issue was linked to the negotiation of a new effective safeguards clause and was also related to GSP, in which regard Switzerland would be interested in looking at propositions

for withdrawal of benefits according to jointly agreed criteria, in order to provide greater certainty to beneficiary countries.

433. The representative of Norway, welcoming the secretariat document, said UNCTAD was in a process of asserting itself as a key deliberating forum for trade problems. Norway shared many of the views expressed in the document, but would restrict its comments to aspects of the conclusions with which it was at variance. It believed that the new active phase of negotiations on safeguards and the GATT Ministerial Meeting showed that there was not an impasse in international trade relations. It also believed that the GATT system had managed to hold firm, and any lack of progress was due to the lack of political will by Governments and the lack of economic growth. Review mechanisms for international trade relations already existed in GATT, UNCTAD, IMF and the World Bank, although in a fragmented way, but discussing measures at an early stage could counterbalance protectionist measures, although it might be idealistic to try to divorce discussions from "legal and negotiating considerations". Norway felt it was in the common interest of smaller and weaker trading countries to have a strong commitment to a multilateral, open trading system with a wide membership, but felt that GATT, imperfect as it was, had the potential of adapting to that role. The possibility of reaching general understandings on the application of the basic concepts underlying international trade relations might be too ambitious a task for UNCTAD, and it also raised questions about the institutional competence of GATT.

434. The safeguards question was a rather complicated and delicate one. It could be resolved neither by dogmatic reliance on market forces nor by widespread unilateral actions by the importing country. It was hoped a solution might be attained at the GATT Ministerial Meeting. Regarding the suggestion that there be renewed use of tariff-based protection in safeguard action, he said this ran the risk of reversing the progress achieved through various GATT rounds. Norway shared the concern that debates in international forums could degenerate into accusations, but felt that the present debate augured well for future discussions on this issue in UNCTAD.

435. The Director of the Manufactures Division, responding to comments by delegations, explained that the background notes were not intended to attack GATT but merely observed that the present conduct of international trade relations had moved a long way from the GATT rules and principles. That had been recognized publicly by the Governments of the developed market-economy countries themselves and was the reason for holding the next annual GATT session at Ministerial level.

436. He explained that the document did not propose a system of managed trade. It did, however, observe that developments in trade relations were clearly moving in that direction. Concepts such as voluntary export restraints, minimum price arrangements and acceptable levels of market penetration had not been invented by the UNCTAD secretariat but by the developed market-economy countries, the most vocal defenders of GATT, themselves.

437. He considered that the movement towards managed trade could be viewed (a) as a breakdown in GATT disciplines, or (b) as the implicit recognition of a new reality in international trade relations. In the first case, the solution required an abrupt reversal of current tendencies, involving serious decisions, some of which had been proposed in document TD/B/913 and his introductory statement.

438. However, if the second analysis was correct, a consideration of how trade should be managed in a fair and equitable manner, to take account of the interests of all trading partners, especially the developing countries, was clearly required.

439. In his view, the crisis of the international trading system could be solved neither by pious declarations nor by solutions imposed by stronger partners, but rather by a serious, in-depth analysis of the problems involved. Document TD/B/913 had been prepared at the request of the Board to assist it in its deliberations by highlighting certain areas considered essential for any such analysis. In that situation, he considered that the secretariat was justified in requesting further guidance from the Board as to how this item should be dealt with in future.

440. At its closing meeting, the Chairman of Sessional Committee I introduced a draft decision (TD/B(XXV)/SC.I/L.3), remitting consideration of this item to the Board at its twenty-sixth session, which he had submitted as a result of informal consultations where much effort had been devoted to an extensive exchange of views in the hope that agreed conclusions could be formulated. He noted, however, that despite all efforts, such agreement had not been possible, and it had been concluded that the item needed further discussion, as was evident from the interest shown in it, reflect in the many statements on all aspects of MTN that had been made in the Sessional Committee.

441. The spokesman for the Group of 77 said that he had no objection to the adoption of the draft decision, but regretted the failure to reach a favourable conclusion on his Group's draft resolution. That had not been due to any lack of flexibility on the part of his Group in the informal consultations. Unfortunately, this display of flexibility had not been matched by the same attitude on the part of other groups. He hoped that his Group's draft resolution would receive more favourable consideration at the next session of the Board; it had already been remitted since the twenty-third session.

442. The spokesman for Group B said that the remarks by the spokesman for the Group of 77 contradicted what the Chairman had said with regard to the efforts of all participants in the informal consultations. He, too, regretted that it had not been possible to reach agreement, but hoped that the goal would be achieved when the issue was taken up at the next session of the Board and that in this context the positive development at the current board session would be taken account of.

443. The spokesman for Group D observed that the position of the socialist countries on this particular item was well known. UNCTAD should deal with trade policy issues, including the effects of the activities of other international organizations on world trade in all its flows. He noted with satisfaction the interesting discussions that had taken place on international trade policy issues, and particularly on the impact of MTN.

444. He added that, from the very beginning, Group D had welcomed the initiative of the developing countries to table a special draft resolution, and had expressed its readiness to participate actively in the process of negotiation. The informal consultations, as well as the discussions in the drafting established in that connection had been very useful. They had clarified the position of the various groups and had been a good prelude to the work of the next session. He regretted that the complexity of the subject had not permitted an agreement to be reached on the text of the draft resolution at the present stage. He expressed the hope that at the next session of the Board a mutually acceptable solution would be found that

would determine to a great extent the work of UNCTAD in one of its most important areas of activity.

445. The representative of China said that his delegation had consistently maintained that UNCTAD should be the framework for serious discussions of the prevailing international trade system. China had supported the draft resolution of the Group of 77 and regretted that, despite all the efforts made, it had not been possible to reach agreement. His delegation had assumed a positive attitude in the conduct of the negotiations and believed that there could be progress towards a solution at the next session of the Board.

446. The Sessional Committee recommended to the Board for adoption the draft decision submitted by its Chairman (TD/B (XXV) SC.I/L.3).

Consideration in plenary

447. At the 598th meeting, on 17 September 1982, the President drew attention to the draft decision recommended for adoption by Sessional Committee I.

Action by the Board

448. At the same meeting, the Board adopted the draft decision recommended by the Sessional Committee (for the text, see annex I below, decision 260 (XXV)).

- D. 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

449. 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.

450. At its closing meeting, the Sessional Committee, after informal consultations in the Chairman's Contact Group, recommended that the draft resolution be remitted to the twenty-sixth session of the board for further consideration.

Consideration in plenary

Action by the Board

451. At its 598th meeting, on 17 September 1982, the Board, acting on the recommendation of Sessional Committee I, decided to remit to its twenty-sixth 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)

452. Introducing the note by the UNCTAD secretariat concerning replies received from Governments in respect of implementation of section A of Board resolution 165 (S-IX) (TD/B/915 and Add.1-2), the Director of the Money, Finance and Development Division recalled that the secretariat had reported to the Board in some detail on this question at its twenty-third session, in document TD/B/866 and Corr.1, which remained relevant. As was pointed out in that document, there were two major difficulties in the assessment of compliance with the resolution. First, it left considerable latitude to countries with respect to the measures chosen to implement it, thus often making it difficult to compare such measures and assess the degree to which they constituted compliance. Second, it was also difficult to determine whether particular measures were additional to those that would have been taken in any case. He welcomed the further measures taken in response to resolution 165 (S-IX) by three developed market-economy countries, but noted that there had been many changes in the situation since the secretariat had reported on this question in 1981. The question therefore arose whether a thorough re-examination of the necessary scope of action under the resolution should not be carried out.

453. The spokesman for the Group of 77 said that in the context of the critical world economic situation and the bleak prospects for developing countries, particularly the least developed among them, to which his Group had already referred in the discussion on agenda items 3 and 4, the problems faced by the international community in the area of debt deserved special attention. Expressing his appreciation to the Director for his introductory statement, he also thanked those countries that had fully implemented resolution 165 (S-IX) and urged others to take immediate measures to live up to their commitments.

454. In the Board's earlier reviews, his Group had advocated that the debt problem be addressed in the broader and more comprehensive context of international trade and finance. In that connection, it had noted that the circumstances preceding adoption of resolution 165 (S-IX) differed significantly from the prevailing ones. At the time of its adoption, in March 1978, the external indebtedness of developing countries was little more than \$337 billion, a figure that had increased to an estimated \$524 billion by the end of 1981. The level of medium- and long-term outstanding debt of all developing countries, including IMF drawings, was now more than 125 per cent of their current annual export earnings.

455. As regards the most seriously affected countries, their current-account deficits during 1974-1976 had averaged \$6.5 billion per annum, while their total disbursed debt had risen from \$63 billion in 1979 to \$77 billion in 1981. As for the least developed countries, they had been severely affected by the debt problem, their external public and publicly guaranteed disbursed debt having risen from \$6.1 billion in 1974 to over \$18.4 billion in 1981. Their current-account deficit had grown to \$6.5 billion in 1979-1981 from \$2.7 billion in 1976-1978, while in the same period their rate of growth had fallen to 2.9 per cent from 5 per cent.

456. He said that recent developments in the financial field made the international situation even more gloomy. Some developed countries had exerted financial pressure on developing countries for political purposes. He recalled the statements made by Ministers of developing countries at the recent annual meetings of the Bretton Woods institutions at Toronto, when they had warned of a potential collapse of the international system of trade and finance unless the current adverse trends in the international economy were reversed. Recent arrangements adopted by OECD countries to increase the minimum interest rates on export credits would inhibit trade in capital goods and aggravate the financial burden on developing countries.

457. He cautioned against the increasing resort by IMF to pre-conditions and the tendency to shift from three-year to one-year programmes, which in fact hardened conditionality. Regarding conditionality, he stated that the Fund placed heavy emphasis on domestic demand management but paid insufficient attention to the structural nature of the problems faced by developing countries. In the view of his Group, the Fund should set aside these mechanistic criteria and focus attention on external forces that were beyond the control of developing countries, including the falling prices of commodities and prevailing high interest rates.

458. Taking the above into consideration, his Group called for more financial resources to be provided to developing countries on a multilateral basis. Recent events had demonstrated the inability of the international commercial banking system to deal with problems of balance-of-payments support and development financing. An allocation of special drawing rights would promote economic recovery, and at the same time would ease the burden of non-oil-exporting developing countries, in particular those without access to private capital markets. He reaffirmed the support of the Group of 77 for a link between SDR and development finance.

459. He emphasized the importance of replenishing the resources of IDA, and expressed regret at the failure of some countries to fulfil their commitments at the levels or within the time frame originally planned. His Group believed it was important to maintain IDA as a sound and effective mechanism for multilateral development co-operation. While appreciating the efforts of the World Bank to explore ways and means of co-financing, he cautioned against the risks involved, particularly if co-financing was to be a substitute for the transfer of resources through multilateral institutions.

460. He stressed the need for countries to honour their original pledges of concessional assistance to enable effective implementation of the lending programmes of the multilateral financial institutions. In that context, he welcomed the proposals of regional development banks to further expand their capital resources and urged member countries to contribute to the expansion of their capital base. The Group of 77 rejected the policy of graduation in the World Bank and similar institutions, and proposed an alternative approach based on the concept of maturation, which had received significant support lately and would allow those institutions to play their proper role, while recognizing the particular circumstances of countries at different stages of development. It was necessary to expand lending substantially for the development of energy resources and the reduction of the high cost of energy to developing countries, and in that connection he welcomed the expansion of the World Bank's energy programme, on the condition that it resulted in the transfer of additional resources.

161. The various proposals he had referred to represented only part of an overall programme for the reform of the international monetary system. Other proposals had been outlined by developing countries at different times and places, for example, at the United Nations Conference on the Least Developed Countries, which had resulted in the adoption of the Substantial New Programme of Action for the 1980s for the Least Developed Countries, the Programme of Immediate Action of the Group of 24, the general statement made by the Group of 77 at the present session of the Board (see chap. I above) and the Group of 24's recommendation for a fundamental reform of the international monetary system contained in its "Outline for a Programme of Action on International Monetary Reform" (see A/35/465, annex; reproduced also in TD/B/AC.32/L.2).

162. He recalled the earlier request by the Group of 77 to the Secretary-General of UNCTAD for a study on other avenues of debt cancellation to developing countries, and regretted that neither an up-to-date study of the debt problem nor a detailed review of the implementation of resolution 165 (S-IX) had been made available to the Board at its present session. He requested the Secretary-General of UNCTAD to prepare the necessary background documentation for the next session of the Board, which should not only review the implementation of resolution 165 (S-IX) but also deal with the overall debt situation of developing countries.

163. He urged the Board to call on the Secretary-General of UNCTAD to prepare for the twenty-sixth session of the Board a comprehensive study of the debt situation of all developing countries. The study should identify possible policies in the area of debt cancellation and other policy measures to increase the flow of resources to developing countries, especially the least developed countries. It should also include proposals, recommendations and conclusions on concrete measures to be taken. The Group of 77 also urged the Board to place the review of the implementation of resolutions 165 (S-IX) and 222 (XXI) on the provisional agenda for its twenty-sixth session and treat it as a priority item. If such a study were available, serious negotiations on subsequent debt relief measures could commence during that session, and the study would also be a good basis for further negotiations at the sixth session of UNCTAD to reach far-sighted and long-standing international agreements.

Action by the Board

164. At its 598th meeting, on 17 September 1982, the Board, in approving the provisional agenda for its twenty-sixth session (see para. 779 below), included an item (item 3) on review of arrangements concerning debt problems of developing countries pursuant to Board resolution 222 (XXI), paragraph 15.

CHAPTER IV

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

(Agenda item 9)

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

A. Commodity trade

(Agenda item 9 (a))

Consideration in Sessional Committee I

466. In the absence of its Chairman, the report of the Committee on Commodities on its first special session 13/ was introduced by the Vice-Chairman of the Committee on Commodities, who recalled that the Board at the first part of its twenty-fourth session had taken note of the agreed conclusions of the Committee and had endorsed the recommendations contained therein (TD/B/L.615).

467. He recalled in particular that the Board had decided to defer consideration of a compensatory financing facility for commodity-related shortfalls in export earnings until it received the report of the Committee on Commodities on its tenth session, 14/ scheduled to be held from 26 January to 4 February 1983, and that this decision consequently stood.

468. As to the request of the Committee that the Secretary-General of UNCTAD hold ad hoc consultations with producers and consumers of hides and skins with a view to promoting the dialogue between them, and report to the current session of the Board on the results, he invited the secretariat to provide information regarding recent developments and progress made with regard to the completion of the studies called for in Conference resolution 124 (V), section III, and Committee resolution 18 (IX), as well as to the preparation of a synthesis of the written comments by Governments, relevant international organizations and producer/consumer bodies on the studies, together with the comments made at the second session of the Permanent Sub-Committee on Commodities.

469. The spokesman for Group B, referring to paragraph 2 of the agreed conclusions of the Committee on Commodities (annex I of its report), also requested information on progress made with regard to the above-mentioned studies and comments on those received so far.

470. The representative of the Secretary-General of UNCTAD recalled in his reply that the representatives of several developing countries, basing their arguments on the conclusions adopted at the three regional seminars on livestock and meat, had advocated at the Third Preparatory Meeting on Meat the inclusion of hides and skins as the nineteenth commodity on the list of commodities covered by IPC. Another suggestion had been to integrate projects on hides and skins into the programme on meat.

471. He stated that, for a number of reasons, it had not yet been possible to hold the ad hoc consultations on hides and skins and that the secretariat was preparing a paper to serve as a useful basis for consultations. To avoid duplication, and to explore the possibilities of integrating the efforts of various agencies into an international programme on hides and skins, the secretariat was holding consultations with a view to convening an inter-agency meeting of the Food and Agriculture Organization of the United Nations (FAO), the International Labour Organisation (ILO), the United Nations Industrial Development Organization (UNIDO), GATT and the International Trade Centre (UNCTAD/GATT) at an early date. The proposed secretariat paper would be based on the outcome of this inter-agency meeting and would be made available to the interested Governments before the ad hoc consultations. The secretariat envisaged reporting to the Board at its next session on the results of the ad hoc consultations.

472. As to the information requested regarding the studies on processing, marketing and distribution, he stated that five additional studies - on tea, coffee, sugar, jute and copper - were at present in an advanced state of preparation and were expected to be completed on time. Regarding the submission of written comments on the first set of the studies, he said that the Secretary-General of UNCTAD had written to Governments and to relevant international organizations and that written comments had been received from six countries members of Group B, from the Commission of the European Communities on behalf of EEC and its member States, from three countries members of the Group of 77, and from one international organization. The UNCTAD secretariat was preparing a synthesis of the comments, both those written and those orally delivered at the second session of the Permanent Sub-Committee, which was also expected to be completed on time.

473. The spokesman for Group B, expressing appreciation for the information received, proposed that those Governments and international organizations that had not yet responded should be urged to do so in order to expedite the work.

474. The spokesman for Group D stated, while taking into account the report of the Committee on Commodities, that the agreed conclusions of that session limited themselves to the expression of the wish to have certain investigations continued for which the secretariat already had a mandate in accordance with previously adopted resolutions. He regretted that not a single important decision had been taken since then that could be regarded as a further step towards dealing effectively with urgent problems connected with the situation of commodities in the world economy.

475. He recalled that, in the course of discussions in the Committee on Commodities, a number of viewpoints expressed by countries members of Group D were confirmed in their objective validity, with regard to different aspects of the IPC, as contained in the two documents that were submitted by the socialist countries at the fifth session of UNCTAD 15/. He stressed that, in the view of Group D, the implementation of IPC, the functioning of international commodity agreements and the role of transnational corporations in the area of commodity trade should be given priority attention at the forthcoming sixth session of UNCTAD.

476. With regard to paragraph 5 of the agreed conclusions of the Committee on Commodities, he stated that the countries of Group D were not opposed to the possible inclusion of hides and skins in the list of commodities in Conference resolution 93 (IV), on condition that the existing framework as specified in previous resolutions and mandates so allowed.

477. The spokesman for the Group of 77 deplored the further deterioration of the situation of commodities since the special session of the Committee on Commodities in February 1982, as observed in the latest World Bank's World Development Report, 1982 and the UNCTAD secretariat's "Trade and Development Report, 1982". 16/ He stressed the need for a concerted effort by the international community to resolve these problems and the urgent need for the creation of a complementary financing facility for commodity-related shortfalls in export earnings.

478. With regard to the possible inclusion of hides and skins in the list of commodities covered by IPC, he proposed to postpone consideration of this matter until the study under preparation, as well as the ad hoc consultations to be carried out by the Secretary-General of UNCTAD, were completed.

479. The spokesman for the cotton-producing developing countries members of the Izmir Group drew attention to the second sentence of paragraph 4 of the agreed conclusions of the Committee on Commodities and recalled that countries members of the Izmir Group, being realistic and flexible, had expressed readiness to accept as the basis for negotiations no fewer than three different texts, none of which fully met all of their objectives and expectations. First, a constructive proposal by Finland, Norway and Sweden had met with an outright refusal from some Governments at the Sixth Preparatory Meeting on Cotton. Secondly, an informal discussion paper, based essentially on certain points of agreement reached at the Sixth Preparatory Meeting, had been prepared by the UNCTAD secretariat. Despite some important weaknesses of this paper, his Group had once again been ready to use it as a basis for negotiations for a comprehensive international agreement for cotton, consistent with Conference resolution 93 (IV). Again, their goodwill had been in vain and the chance for progress lost. Thirdly, a revised version of the secretariat paper took into account some of the points proposed during the informal consultations. Despite the fact that this latest version did not meet all the requirements of the Izmir Group, and in keeping with the constructive spirit his Group had shown throughout, his Group was ready to enter into further consultations and eventual negotiations on the basis of it. He regretted that, owing to a lack of corresponding assurances from other countries mainly concerned, the cotton talks under IPC thus remained deadlocked. He concluded by urging all Governments participating in the cotton meetings, in the light of Conference resolution 93 (IV) and the agreed conclusions of the Committee on Commodities, to review once more their attitude to the proposals now on the table, and to put forward any alternative constructive proposals they might have to make, thus matching the constructive efforts made by his Group, in order to arrive at meaningful results.

480. The representative of China pointed out that the general price index of commodities at the time of the special session of the Committee on Commodities, in February 1982, had been at its lowest in the last three decades, that the deterioration had continued since then. These price declines had brought about serious difficulties for those countries that relied on exports of commodities.

481. With regard to progress in bringing into operation CFC, he expressed serious concern, since the number of ratifications of the Agreement had not reached the required level for entry into effect as foreseen, and the deadline for ratification had regrettably had to be moved one-and-a-half years further on.

482. He also stated that progress in work towards the conclusion of individual international commodity agreements had been very slow, and that, equally, no

progress could be noted regarding precise actions in the field of marketing and processing.

483. He concluded with an appeal to parties concerned to fulfil their commitments undertaken in Conference resolution 93 (IV) with a view to revitalizing the world economy and breaking the existing deadlock of the North-South dialogue. In order to implement IPC fully and promote the conclusion of international commodity agreements, he urged the partners concerned to exert further efforts to conclude such agreements.

484. The representative of Japan stated that his Government attached great importance to the steady expansion of world trade and continuing co-operation between producers and consumers of various commodities and that it was essential to promote international co-operation to support the self-reliant efforts of the developing countries. In that respect, he regarded CFC as one of the greatest accomplishments of the constructive North-South dialogue.

485. He observed that the number of countries which had ratified the Agreement Establishing the Common Fund for Commodities was, at about 30, still small and pointed out that his Government, which had already ratified the Agreement on 15 June 1981, was very much concerned about the development of the ratification process.

486. He drew attention to the draft resolution submitted by Japan, to the General Assembly, at its thirty-sixth session, proposing concrete measures for facilitating ratification procedures and noted that the Japanese delegation, in consultation with other delegations, had worked out General Assembly resolution 36/143 on signature and ratification of the Agreement.

487. He concluded by pointing out that it was a common task to bring the CFC - the fruit of long and difficult negotiations - as soon as possible into operation and invited all countries, inter alia developing countries, to expedite their ratification procedures.

Consideration in plenary

488. Speaking at the 598th meeting, on 17 September 1982, the representative of the United Republic of Cameroon stressed the importance that his Government attached to commodities, IPC and the Agreement Establishing the Common Fund for Commodities, particularly against the background of the current economic crisis. The reasons for his Government's attitude flowed from the primary objective of IPC to avoid excessive price fluctuations in order to ensure stable export earnings for commodity producers and the fact that in his country, which was a producer of the agricultural commodities covered by IPC, 70 per cent of the economically active population was dependent on the primary sector. Such was the importance of that sector that his Government had been obliged to conceive and implement what was known as the "Green Revolution".

489. Further reasons for his Government's attachment to IPC were that it was a mechanism for regulating international commodity markets that was not only a means of combating the deterioration in its terms of trade - from which it had been suffering for over 20 years and which was assuming disquieting proportions - but was also of primary importance to promotion policies in the area of commodities.

490. In the context of the current economic crisis, with its difficulties in respect of anti-inflation policies and investment promotion, most of the remedial measures adopted by developed countries had not yet produced tangible results. It thus seemed to his Government that the economic well-being of the world economy depended upon the dynamization of the young economies, where the factors of production were waiting to be put to good use. Accordingly, and in view of the importance of IPC as an instrument of development policy, his Government considered that the Programme deserved the attention and support of the international community.

491. Interdependence being a fact, the stimulation of the economies of the third world would doubtless have a remedial effect on the economies of the developed countries. In that regard he fully approved the UNCTAD secretariat's proposals in its "Trade and Development Report, 1982", which were aimed at stimulating the economies of the developing countries. This was the basis for his Government's belief in international co-operation, as expressed by its ratification of the Agreement Establishing the Common Fund for Commodities on 11 June 1982. He called on those countries that had not yet ratified that Agreement to do so, because it held out great promise for the world economy.

492. At the same (598th) meeting, the President drew attention to the relevant paragraph of the report of Sessional Committee I (TD/B (XXV) /SC.I/L.1/Add.2, para. 23), which the Board would have formally before it at its next meeting.

Action by the Board

493. At the same (598th) meeting, the Board took note of the report of the Committee on Commodities on its first special session, having noted the statement made in Sessional Committee I by the representative of the Secretary-General of UNCTAD on the agreed conclusions of the Committee on Commodities (see paras. 470-472) that the Board had endorsed at its twenty-fourth session. 17/

B. Manufactures and semi-manufactures

(Agenda item 9 (b))

1. Report of the Special Committee on Preferences on its eleventh session

Consideration in Sessional Committee I

494. The Chairman of the Special Committee on Preferences, introducing the Committee's report on its eleventh session, 18/ said that the Committee had made an extensive analysis of the operation of GSP and that preference-giving countries and preference-receiving countries alike had raised matters of unquestionable political and technical importance. For highly specific reasons, however, the Committee had been unable to reach agreement on a draft resolution that had been submitted by the Group of 77 and was annexed to the report. The first reason was that GSP was a co-operative effort of the international community and that, if differences arose with regard to the approach and operability of the system, it should be the Committee's political and technical function to reconcile the parties with a view to reaching an agreement to improve the co-operative effort. The second reason was that the text submitted by the Group of 77 summarized the misgivings and criticism

expressed by that Group with regard to the operation of the system and that, for technical reasons, there had been no opportunity to hear the reaction of the preference-giving countries to those misgivings and that criticism. Furthermore, some precise statements of position with a view to improving GSP had not been answered with equal precision by the preference-giving countries, and that had prevented the Special Committee from learning the exact extent of the differences between the preference-giving and the preference-receiving countries.

495. The situation he had described had prompted the countries members of the Group of 77 to request that the draft resolution be annexed to the report of the Special Committee as a basis for further negotiations at a future session of the Committee to be held before the sixth session of the Conference. He considered that the Board should discuss the proposal of the Group of 77 and take a decision on it, inasmuch as that decision would affect the work of the secretariat and the preparations to be made by Governments in the event that the proposal was adopted.

496. He added that, if the Board decided to adopt the proposal of the Group of 77, the work of the Special Committee on Preferences at a new session should be confined to highly specific matters, for the operation of and improvements to GSP could be considered to have been discussed at sufficient length.

497. In his view, the general discussion held during the eleventh session of the Committee had been useful and informative. The representatives of the preference-giving countries had supplied full information on the improvements that had been made and on the efforts they were making to improve their schemes, and some of them had explained the scope of new measures recently introduced to ensure that broader advantage was taken of their schemes. The representatives of the preference-receiving countries, for their part, while recognizing the importance of GSP as a means of increasing their export earnings and attaining the other objectives laid down in Conference resolution 21 (II), generally considered that the improvements had not been sufficient for the attainment of those objectives and that fundamental changes in the system were therefore needed. The spokesman for the Group of 77 and the representatives of other preference-receiving countries had taken the view that GSP had restrictive and discriminatory features that should be eliminated as a matter of urgency. In that connection, the measures of graduation or differentiation included in some schemes had been singled out for severe criticism, as had the application of the safeguard measures. Moreover, the spokesman for the Group of 77 had recommended that GSP should be regarded as an integral part of the international trading system. Those observations and others made by representatives of the developing countries suggested to him that the preference-giving countries and the preference-receiving countries differed substantially in their approach to the operation of GSP and that their differences needed thorough study. He commented that the procedure traditionally followed by the Special Committee should be adapted to leave room for technical analysis and for more specific consultations and negotiations as a means of imparting greater fluidity and coherence to the development of that co-operative effort on the part of the international community.

498. The Director of the Manufactures Division, speaking on behalf of the Secretary-General of UNCTAD, 19/ expressed agreement with the assessment by the Chairman of the Special Committee on Preferences and made additional remarks which he thought should be taken into account by the Board when considering follow-up action on the proposals made at the Special Committee.

499. He recalled that at the eleventh session of the Special Committee he had dealt at length with several issues that, in the opinion of the UNCTAD secretariat, were hampering the smooth evolution of GSP. Some of those issues had important implications. It was above all, unrealistic to continue discussions on the mutually accepted system of preferences in complete isolation from the evolution of the international trading system. GSP could be considered as a microcosm of the global trading system and the problems it faced. In fact, when the international community seemed to be determined to take the issue of restoring discipline in world trade, it ought not to ignore that, in the case of GSP, some important principles and elements agreed upon had been and continued to be breached unilaterally, or circumvented by some preference-giving countries. In taking such action, subjective pretexts of "injury", "prejudice" or "market disruption" caused by import competition had been advanced in one way or another in international negotiations or when applying restrictive measures in the context of GSP.

500. The international community had accepted, in the agreed conclusions of the Special Committee at its fourth session (Board decision 75 (S-IV), annex), that the schemes of preferences might include certain safeguard mechanisms, and the preference-giving countries had declared at that time that such measures would be of an exceptional character. However, resort to safeguard measures had since been made at an increasing pace through quota limitations, ceilings, competitive need exclusions, the prior allotment of import quotas, and so on. The unilateral application of such measures was contrary to the discipline with which the international community had agreed to conduct the application of safeguard measures by preference-giving countries. As usual, the justification for adopting such measures was based on "injury" to the domestic producers, "market disruption", or the difficult economic situation faced by some preference-giving countries; however, since redressment of such situation rarely took place, the breakdown in that discipline had become a normal rule. Thus, the conduct of trade carried out under GSP was no different from that of international trade in general.

501. Moreover, the subjective application of safeguard mechanisms by preference-giving countries, without any multilateral consultative mechanism, had led some of them to introduce certain discriminatory practices through the so-called concept of "graduation", constituting an absolute distortion of the initial agreement on the exceptional character of safeguards. It was always possible to conceive of making an exception in a given exceptional trade or domestic economic circumstance, but when the exceptional circumstances became permanent, it was also possible to conceive that, in all fairness, some compensation for the lost advantages would have to be offered to the affected partners. As regards GSP, however, that had not been the case. On the contrary, instead of being compensated for lost advantages, developing beneficiary countries had found themselves saddled, on the one hand, with increasing limitations and, on the other hand, with a predetermined nebulous concept of graduation through the consistent application of safeguards to a limited number of developing beneficiary countries. The disarray in applying discriminatory safeguards was a serious international political development because it created artificially, unilaterally and with an open discriminatory emphasis two different sets of developing beneficiary countries, in complete disaccord with the mutually-accepted generalized system of preferences agreed upon by the international community.

502. He added that graduation had no justification within the international trading system when the international community was striving to bring about better access to the markets for developing countries as a whole, and particularly when

appropriate levels of apparent consumption had not been attained when compared to imports from other traditional suppliers. Further, graduation should not be confused with a safeguard mechanism based on objective criteria for determining injury to domestic industry from competitive imports. There was no agreed concept of injury or threat thereof in GSP. Withdrawal of preferential treatment, or for that matter introduction of any trade restraint, should only take place on the basis of jointly agreed criteria justified by factual information showing that a developing country had reached a stage of overall economic development no longer requiring the grant of preferential treatment. If preferences were to be withdrawn for other reasons, namely because of injury to domestic industry, then the action must be considered as safeguard action and subject to multilateral discipline. Attempts to prescribe the advantages that only some developing countries should receive could not be based on other than an imaginary classification of developing countries. Evolution of the graduation concept could also be interpreted as a means of confining the trade concessions under GSP to a more limited number of developing countries, instead of creating new trading opportunities for all of them.

503. He reiterated that there was no statistical evidence to support the view that non-graduated developing countries were taking advantage of the trade that had been taken away from some other developing beneficiary countries. In other words, graduation acted by subtraction from, and not by addition to, the overall effort that the international community was undertaking in support of increased export earnings of developing countries.

504. The adverse effects of graduation measures, or measures having similar effect in the GSP schemes, on the utilization of the potential benefits of preferential treatment were quite substantial and would further reduce the benefits of GSP for preference-receiving countries. He cited figures from the secretariat studies that showed that a substantial amount of dutiable trade was already excluded from preferential treatment in the various schemes. For instance, nearly 30 per cent of most-favoured-nation dutiable trade was excluded from the EEC scheme, about 33 per cent from the scheme of Japan, nearly 70 per cent from the United States scheme and about 50 per cent from the scheme of Switzerland. The rate of utilization of GSP was already low; for all schemes as a whole, on the basis of available information, it was only 44 per cent. In the case of the EEC scheme, in 1980 it was only 35 per cent; in Japan 58 per cent and in the United States of America 51 per cent. This low utilization was due to a substantial extent to the various measures imposing a priori limitations or exclusions from preferential treatment on certain products or countries. As regards graduation, the effects of which could be gauged only with respect to the United States scheme, it had resulted in the exclusion from preferential treatment of trade worth some \$450 million under that scheme. It was clear that any further graduation measures would considerably increase the volume of dutiable trade excluded from GSP and thus aggravate the position of preference-receiving countries vis-à-vis the various schemes. Moreover, the application of such measures would lead to further complications by upsetting burden-sharing among preference-giving countries.

505. He stressed that the differing interpretation and application of the so-called graduation concept were giving rise to serious misunderstandings and increased tension in relations between developed and developing countries. That situation threatened to undermine GSP and the whole principle of preferential treatment in favour of developing countries. It was essential, therefore, to examine carefully this concept at the present critical juncture of the world economy. The raising of trade and other barriers against developing countries short of foreign exchange and

subject to an extremely heavy burden of foreign debt could not be in the interest of developed countries themselves. Such measures, taken against some developing countries, would simply mean that such countries would be forced to further lower their rate of economic growth. That, in turn, would mean a lower demand for imports from the developed countries, which by a multiplier process would further deepen the deflationary process, increase unemployment in the developed countries, and further aggravate the world economic crisis.

506. In addition to the unilateral introduction of graduation, GSP was faced with another attempt to diminish its scope as originally conceived. While graduation jeopardized the non-discriminatory principle of GSP, two different initiatives were now trying to impinge on its principle of non-reciprocity. The two proposals aimed at negotiating bound preferential rates between developed and developing countries on the basis of reciprocity. In both cases, the objective was not just to provide a more liberal access to the markets of developed countries, but also to provide a freer access to the markets of developing countries, which could include tariff concessions or the reduction of non-tariff measures and even modification of their domestic policies regarding services and investment. One of the proposals raised the possibility of negotiating concessions not only with respect to products currently ineligible for preferences under GSP, but also with respect to products excluded as a result of graduation. These proposals were interesting and deserved to be analysed in every detail, although there were aspects that required serious reflection. One of these aspects was that the two proposals seemed to advocate a complete change in trade relations between North and South, even at the expense of the mutually-accepted generalized system of preferences. The acceptance of discrimination among developing countries through graduation, and of the concessions through reciprocity, brought back the international community to the pre-GSP period. If the binding of preferential rates were to be negotiated only on the basis of reciprocal concessions, one would be bound to conclude that the benefits of trade liberalization would redound only to those countries in a position to conduct such negotiations, leaving the rest outside the system.

507. The new proposals should be analysed in depth in order to assess what benefits world trade, including the developing countries, might derive from them. The established organs of UNCTAD ought to undertake such analysis in all objectivity. However, if the results of the proposals were to abolish the GSP principles and to lead to the phasing-out of the political agreement reached within UNCTAD, then the adverse effects that the abolition of the non-discriminatory and non-reciprocal principles inherent in that system might have on the trade of developing countries should also be pointed out and considered.

508. He added that GSP, as originally conceived, would no doubt have eliminated tariff escalation, and indeed the latter had been mitigated in its effects. However, in view of the exclusion of import-sensitive products at various stages of the processing chain, the deleterious effects of tariff escalation might have been reinforced. It was essential that this matter also be examined.

509. The agreed conclusions of 1970 had brought about a mutually accepted system of generalized preferences that represented an important co-operative effort between developed and developing countries after detailed and intensive consultations. That co-operative effort was to continue within the consultation framework of the Special Committee on Preferences through further improvement of the schemes in a dynamic context. However, the mutually accepted GSP has been subject to changes not only with respect to its political conception. If the international community

wished to preserve the mutually accepted agreements of 1968 and 1970 as important elements of North-South co-operation, then any changes in the GSP principles and in the political agreement should also be mutually acceptable for all partners. Those principles had in fact been reaffirmed in the GATT Enabling Clause.

510. In view of all the above considerations, he could fully understand the need for a meeting on GSP prior to the sixth session of UNCTAD to discuss, in particular, the matter of principles, including graduation and the tendency to depart from the principle of non-reciprocity. For, if the same issues were to be discussed also at the sixth session of UNCTAD, the secretariat would expect to have a thorough knowledge of Governments' positions on them, particularly in view of the linkage between the mutually accepted generalized system of preferences and the international trading system.

511. Following a proposal that the text of the Director's statement should be circulated as an official document, and having regard to the financial implications, the Committee decided that it should instead be reflected fully in its report. In that connection, the representative of China recalled that at the recently held sixth session of the Working Party on the Medium-term Plan and the Programme Budget it had been decided that the introductory statement by the Deputy Secretary-General of UNCTAD should be circulated immediately as part of the draft report of the Working Party, in order that it be available quickly to delegations without there being any financial implications.

512. The spokesman for Group B said that the statement by the Director presented new ideas that needed to be considered in capitals. Under similar circumstances at the previous session of the Board he had stated that such practices constituted a circumvention of the six-week rule. As the agenda annotations indicated (TD/B/910), the Board was simply being asked to take note of the report of the Special Committee on Preferences on its eleventh session and Group B was ready to do that.

513. The spokesman for Group D also expressed willingness to take note of the report.

514. The representative of Egypt drew attention to the statement by the representative of the Secretary-General of UNCTAD in paragraph 270 of the report, to the effect that the resources allotted to the UNCTAD/UNDP technical assistance project on GSP remained modest and that "the secretariat would continue its contacts with Governments with a view to meeting some of the shortfalls in resources on the basis of operational requirements". He wondered whether the secretariat had any additional information in that connection.

515. The secretariat indicated in reply that the project would continue in operation until the end of 1983. In accordance with its terms of reference, the Project had succeeded in obtaining from some Governments additional resources for 1982, mostly through the provision of officials/experts on GSP for short-term advisory missions to beneficiary countries. During 1982, the following missions had been carried out with experts from the following preference-giving and preference-receiving countries:

Cuba: Experts from Canada and Colombia

Ecuador) Experts from Austria, Canada, Colombia, Finland,
Peru) Japan and the Federal Republic of Germany on behalf of EEC.

In the case of Canada, the Project had the participation of one expert on GSP and of the Director of the Bureau of Import Promotion of Canada.

Philippines: Experts from EEC, Japan and the United States of America

ASEAN seminar on GSP (Manila): Experts from EEC, Japan and the United States of America

516. The Project was receiving assistance from Governments not only of preference-giving countries but also of preference-receiving countries, as in the cases of Colombia and the Philippines. The Government of India had also agreed to provide GSP experts to be used in future short-term advisory missions.

517. The Project was negotiating for additional resources to provide greater assistance to Africa. In fact, Switzerland was considering financing a programme proposed by the Project to train trainers on GSP in Africa through four workshops to be carried out in November 1982 and in the first half of 1983. At the end of the Project, some 70 officials and representatives of the business communities in Africa would have been trained for disseminating information on GSP within their countries.

518. Other activities were being planned in co-operation with the Commission of the European Communities for the holding of a subregional seminar on GSP for the Central American countries in December 1982. The Government of Japan was also actively supporting the GSP operational activities by funding a permanent associate expert to the Regional GSP Project for Asia and the Pacific.

519. He hoped that other countries would also contribute to the Project. With its modest resources, the Project and the Regional UNCTAD/UNDP GSP Project for Asia and the Pacific were doing their utmost to respond to the technical assistance requirements of developing countries. For the rest of 1982, missions were being planned for Pakistan (three cities), Malaysia, Fiji, Tonga and Morocco. The Project would also participate in the 20th Course organized by Austria for customs officials from developing countries, as well as in a seminar organized in Bolivia by the International Trade Centre UNCTAD/GATT for the Andean Group on international economic issues.

520. The representative of Australia expressed disappointment that the secretariat, in its reply, had failed to mention the activities of the market-advisory services established by the Department of Trade and Resources at Canberra. The services provided included the organization of seminars in developing countries and the provision of experts for the GSP Project. The secretariat indicated that its reply had been confined to activities since the last session of the Special Committee on Preferences. That was the reason why the very helpful assistance provided by Australia had not been mentioned and he acknowledged that the Australian assistance was an ongoing activity.

521. The spokesman for the Group of 77 stated that the developing countries had been gratified when in the 1960s the international community had adopted principles

making it possible for developed countries to grant generalized preferences in favour of developing countries for expansion and diversification of the latter's exports. In effect, the adoption of GSP had given rise to high expectations in spite of its incipient imperfections, in particular those having to do with its unilateral and temporary character. Developing countries perceived the system as an effective instrument through which foreign trade could become a dynamic element in their economic growth, since it gave them greater access to the markets of preference-giving countries. Since adoption of the system, however, steps taken had resulted not in its improvement but rather in measures and decisions contrary to the letter and spirit of the system. In addition to quotas, competitive need limitations and other restrictions, there were now graduation measures that threatened to doom the system altogether. His Group was concerned with the practices of certain preference-giving countries that aimed at withdrawal of concessions granted under GSP with the intention of reintroducing the concept of reciprocity. He hoped that such practices would come to an end as soon as possible and that appropriate measures would be taken to stop the further erosion of preferences.

522. Recalling the statement by the Group of 77 at the eleventh session of the Special Committee on Preferences, he stressed that the concept of graduation was incompatible with the very principles of GSP, which was meant to be generalized and non-discriminatory. As the Director of the Manufactures Division had indicated, there was no statistical evidence to support the view that withdrawal of preferences from a developing beneficiary country served to increase in one way or another the trade opportunities for a lesser developed beneficiary country. His Group considered that this situation resulted from an erroneous conception of the international trading system, since it placed GSP outside of the multilateral trading framework. The time had come to consider GSP as a trade instrument that formed an integral part of the international trading system, and the corresponding conclusions could be drawn, in particular regarding the structural adjustments that developed countries should introduce to respond to the dynamic development of trade of developing beneficiary countries. His Group considered, therefore, that the next session of the Committee on Manufactures should undertake a full evaluation of GSP.

523. Referring to the draft resolution submitted by the Group of 77 at the eleventh session of the Special Committee on Preferences, and indicating the important aspects of that draft resolution, he said that his Group had asked that GSP should be considered as a legal instrument, of permanent duration, and as an integral part of the international trading system. The draft resolution also invited preference-giving countries to eliminate, in particular, graduation. To avoid subjective recourse to the concept of market disruption, it called for the setting up of a uniform safeguard mechanism and of a machinery under the auspices of the Special Committee on Preferences that would review all restrictive measures, with a view to bringing about their elimination. Special treatment was to be reserved for products of least developed countries and adjustment assistance measures were to be introduced by preference-giving countries. Finally, his Group had recommended enlarging the UNCTAD/UNDP Technical Assistance Project on GSP and giving it the necessary means to help beneficiary countries to draw maximum benefit from GSP.

524. His Group regretted that no agreement had been reached in the Special Committee on that draft resolution. Countries members of Group B had invoked the time factor to avoid facing up to their responsibilities. His Group persisted in hoping that their attitude had not been dictated by absence of political will to

overcome this problem. It also hoped that at the next opportunity it would be possible to reach agreement on improving GSP.

525. In conclusion, he recalled the suggestion made by his Group at the eleventh session of the Special Committee on Preferences that "the UNCTAD secretariat undertake a study on the trade implications for the developing countries of the non-inclusion in the GSP of most-favoured-nation-dutiable imports by preference-giving countries as well as of the products not covered in the Tokyo Round".

526. He added that the Group of 77 endorsed the suggestion that the Board take note of the report of the Special Committee on Preferences.

527. The spokesman for Group B stated that the statement by the spokesman for the Group of 77 raised a number of issues that went beyond the competence of the Sessional Committee, since the Board was simply being asked to take note of the report of the Special Committee on Preferences.

528. The representative of China stated that, ever since the introduction of GSP, many developed countries had made continuous efforts to improve their schemes with a view to expanding the volume of exports of manufactured goods from the developing countries. However, in recent years, owing to the intensification of protective measures adopted by the developed countries, such exports had been affected, to various degrees, through quota limitations, ceilings, and other restrictive measures, as well as through the withdrawal of preferences. The benefits to be derived under GSP had consequently been reduced. It was clear that the objectives set in Conference resolution 21 (II) had not been fully reached, and that further efforts to reach them should be made by all the preference-giving countries.

529. There was sufficient evidence that GSP was an effective and positive measure for promoting the exports of manufactures of the developing countries and for strengthening international economic co-operation. It was necessary to make GSP an integral part of the international trading system and to persist in its implementation so as to stimulate the development of international trade. He was in favour of the reasonable proposal made by the Group of 77 that aimed at improvement of GSP and at promoting international economic co-operation. For that purpose, preference-giving countries should strictly observe the principles specified in Conference resolution 21 (II) and the Enabling Clause agreed in the MTN, namely the generalized, non-reciprocal and non-discriminatory character of the system, and any modification in the system should respond to the development, financing and trade needs of the developing countries.

Consideration in plenary

530. At the 598th meeting, on 17 September 1982, the President drew attention to the relevant paragraph of the report of Sessional Committee I (TD/B(XXV)/SC.I/L.1/Add.1, para. 37), which the Board would have formally before it at its next meeting.

Action by the Board

531. At the same meeting, the Board took note of the report of the Special Committee on Preferences on its eleventh session.

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

532. The Chairman of the Sessional Committee recalled that, at its twenty-fourth session, the Board had decided to transmit the report of the Ad Hoc UNCTAD/UNIDO Group of Experts on its second session (TD/B/862) 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; it had further decided to review this matter at its twenty-fifth session. 20/

533. The representative of the Secretary-General of UNCTAD stated that, in considering the report of the Group of Experts at its sixteenth session, in May 1982, the Industrial Development Board had welcomed the collaboration between UNCTAD and UNIDO and considered that the work undertaken in this area by the two secretariats should be continued. It considered that the work of the Group of Experts had been completed and had recommended further in-depth examination of the Group's report by the UNCTAD and UNIDO secretariats for submission to their respective Boards.

534. He further indicated that, in pursuance of the decision by the Trade and Development Board at its twenty-third session, endorsing the expert's recommendation that the UNCTAD and UNIDO secretariats should continue their work on industrial collaboration arrangements as set out in Conference resolution 96 (IV), 21/ work was well under way in the UNCTAD secretariat concerning a factual and analytical study of the existing types of industrial collaboration arrangements at the enterprise-to-enterprise level, between developing and developed countries. The study endeavoured to establish a certain classification of these arrangements and analyse the characteristics of each category in depth. Due attention was being given to the role - direct or indirect - which Governments played in the conclusion and implementation of such collaboration arrangements. The study, when completed, would be probably submitted to the Committee on Manufactures. On the basis of that study and subsequent comments in that Committee, the secretariat would then be in a position to proceed further towards identifying the elements of particular interest to developing countries contained in the various categories of industrial collaboration arrangements. In these studies the UNCTAD secretariat was closely co-operating with the UNIDO secretariat.

535. The spokesman for Group B noted that this item had been before the Board for quite some time and that the views of Group B regarding the Group of Experts had already been expressed several times at the last two sessions, namely, that they considered that the Group of Experts had finalized its work and should be dissolved. He also noted that the Industrial Development Board at its last session had expressed the same view on the subject.

536. The spokesman for Group D noted that the Industrial Development Board had welcomed the collaboration between UNCTAD and UNIDO and had considered that the work undertaken jointly by the two secretariats should be continued and reported upon periodically to their respective Boards. The Industrial Development Board considered that the work of the Group of Experts had been completed. It had recommended further in-depth examination of the Group's report by the two secretariats for submission to their respective Boards.

537. The position of Group D had been reflected in the reports of the Trade and Development Board at its twenty-third and twenty-fourth sessions, and he reiterated its view that the Group of Experts had completed its work.

538. The spokesman for the Group of 77 underlined the importance attached by his Group to the work of the Group of Experts, undertaken in accordance with the terms of its mandate and in pursuance of the objectives set out in Conference resolution 96 (IV). He noted that the Group had made a number of important proposals in chapters I and II of its report and drew attention to the conclusions in paragraphs 13-18, particularly to the specific proposal that the UNCTAD and UNIDO secretariats should continue to study the various matters pertaining to the trade and trade-related aspects of industrial collaboration arrangements. He agreed that technical assistance was of fundamental importance in promoting trade and industrial collaboration arrangements.

539. The Group of 77 was in principle in agreement with the views expressed at the Industrial Development Board at its sixteenth session. It welcomed the work being undertaken by the UNCTAD secretariat in pursuance of the decision taken by the Trade and Development Board on its twenty-third session. UNCTAD should closely collaborate with UNIDO in this work, as deemed appropriate.

540. He further stated that, in view of the close interrelationship between industrial development and trade, the UNCTAD and UNIDO secretariats should further strengthen their co-operation in this area. He expressed the view that the results of this work should be submitted for consideration in the permanent machinery of UNCTAD.

541. At a subsequent meeting, the same spokesman requested the other regional groups to discuss with the Group of 77 matters relating to the work of the Group of Experts, rather than focusing the issue on the question of the status of the Group of Experts. He reiterated that, in the view of his Group, the subjects addressed by the Group of Experts regarding industrial collaboration were of substantial importance for the developing countries.

542. At its closing meeting, the Sessional Committee recommended to the Board for adoption a draft decision submitted by the Chairman as a result of his informal consultations (TD/B(XXV)/SC.I/L.2) to the effect that the work of the Ad Hoc Group of Experts was completed and that its report on its second session should be examined by the Committee on Manufactures at its tenth session.

Consideration in plenary

543. At the 598th meeting, on 17 September 1982, the President drew attention to the relevant paragraphs of the report of Sessional Committee I (TD/B/L.641, sect. A), which the Board would have formally before it at its next meeting.

Action by the Board

544. At the same meeting, acting on the recommendation of Sessional Committee I, the Board adopted draft decision TD/B(XXV)/SC.I/L.2 (for the text, see annex I below, decision 261 (XXV)).

C. Shipping

(Agenda item 9 (c))

1. Report of the Intergovernmental Preparatory Group on Conditions for Registration of Ships

Consideration in Sessional Committee I

545. The representative of the Libyan Arab Jamahiriya, speaking in his capacity as Chairman of the Intergovernmental Preparatory Group on Conditions for Registration of Ships, introduced the report of the Group on its first session (TD/B/904-TD/B/AC.34/4). He recalled that all Governments participating in the Group had expressed satisfaction with the progress made. The recommendations of the Group, which had been adopted by consensus, contained two requests to the Board: the first to include in the calendar of meetings a second session of the Group, and the second to recommend to the General Assembly to make provision for the convening in 1983 of a plenipotentiary conference on the conditions of registration of vessels.

546. He noted that at its twenty-fourth session the Board had decided to include a second session of the Group in the calendar of meetings, to be held from 8 to 26 November 1982, and had at the same time decided to take action at its twenty-fifth session on the recommendations concerning the convening of a plenipotentiary conference.

547. He proposed that the Board take note of the report of the Group and 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.

548. The spokesman for the Group of 77 supported the proposal by the Chairman of the Intergovernmental Preparatory Group, noting that the request that the Trade and Development Board recommend to the General Assembly to make provision for the convening in 1983 of a plenipotentiary conference on the conditions of registration of vessels had been adopted unanimously.

549. The spokesman for Group B, the spokesman for Group D and the representative of China also supported the proposal.

550. The representative of Panama noted that her delegation had not participated in the Intergovernmental Preparatory Group and recalled that the reasons for its not attending the meeting had been expressed previously. Her country could not therefore subscribe to the report of the Group, nor could it support the request to the Board to recommend to the General Assembly to make provision for the convening in 1983 of a plenipotentiary conference.

551. The representative of the United States of America stated that his country had not participated in the Intergovernmental Preparatory Group. He had no objection to the Board's noting the report of the Group, but stated that the United States did not associate itself with the endorsing of the resolution adopted by the Group.

Consideration in plenary

552. At the 598th meeting, on 17 September 1982, the President drew attention to the relevant paragraph of the report of Sessional Committee I (TD/B (XXV) /SC.I/L.1/Add.3, para. 9), which the Board would have formally before it at its next meeting.

Action by the Board

553. At the same meeting the Board took note of the report of the Intergovernmental Preparatory Group on Conditions for Registration of Ships on its first session and endorsed resolution 1 (I) adopted by the Group. In so doing, the Board recommended to the General Assembly (para. 3 of the resolution) that it make provision for the convening in 1983 of a plenipotentiary conference on the conditions of registration of vessels. 22/

554. The representative of the Philippines stated that, together with many other members of UNCTAD, his country considered that a plenipotentiary conference would be the most effective way to deal with the problems of registration of vessels. The subject matter itself required a delicate but realistic balancing of interests, which could best be solved through a plenipotentiary conference.

555. He commended the UNCTAD secretariat for the helpful documentation it had produced for the Intergovernmental Preparatory Group and paid tribute to the Chairman of the Group for the skill with which he had conducted its deliberations. He added that, as one of the major suppliers of labour for international maritime transport, the Philippines had experience that it was ready to share with others at the plenipotentiary conference. Accordingly, his Government was ready to consult and co-operate with all other interested Governments in order to ensure that a plenipotentiary conference took place under suitable conditions and with adequate facilities.

2. Report of the Committee on Shipping on its tenth session

Consideration in Sessional Committee I

556. Introducing the report of the Committee on Shipping on its tenth session 23/ the representative of the Secretary-General of UNCTAD stressed that the Committee had met at a most sensitive time in international maritime relations and that its deliberations had been pivotal to evolving international negotiations and the ongoing deliberations on matters of close and continuing interest to the shipping community. He stated that the Committee had made forceful pronouncements on issues of major topical interest to member States, which were reflected in the five resolutions and the decision annexed to its report.

557. The spokesman for Group B proposed that the Board take note of the report of the Committee on Shipping but recalled that his Group had abstained from voting on resolution 49 (X), on international maritime legislation, because of the need to sustain a clear organizational demarcation of work between the International Maritime Organization (IMO) and UNCTAD, for example with regard to work in the fields of maritime liens and mortgages, which was already in the work programme of IMO. In his Group's opinion the Secretaries-General of UNCTAD and IMO should

settle the problem of duplication of work before these issues were dealt with in UNCTAD. Failing agreement, the problem should be referred to the Committee for Programme and Co-ordination for study. Consequently, Group B was not in a position to endorse resolution 49 (X). Furthermore, his Group was generally concerned over the increasing practice of adopting resolutions by majority vote, which in the long term would not be in the interests of UNCTAD and its member States.

558. The spokesman for the Group of 77 proposed that the Committee take note of the report of the Committee on Shipping and endorse the resolutions and decision it had adopted. With regard to resolution 49 (X), he stated that economic and commercial questions relating to maritime liens and mortgages were clearly the concern of the Committee on Shipping and its Working Group on International Shipping Legislation within UNCTAD. The same was the case for maritime fraud relating to bills of lading, charter parties and marine insurance. Thus, his Group could not see the alleged danger of duplication of work between UNCTAD and IMO.

559. As to UNCTAD/IMO consultations, he recalled that in fact the UNCTAD secretariat had taken the initiative with the Secretary-General of IMO as early as July 1979 to have prior consultations over possible overlapping of subjects. Furthermore, resolution 49 (X) specifically called for consultations with IMO in carrying out studies referred to therein. Therefore, the Group of 77 could not see the need for further statements on the subject of consultations, particularly as these had always proceeded amicably and smoothly, as had been confirmed by the Secretary-General of IMO in his address to the Committee on Shipping at its tenth session.

560. Expressing appreciation for the work done in the Committee on Shipping, the spokesman for Group D proposed that the Board take note of its report and endorse the resolutions and decision.

561. Recalling the position of his delegation expressed during the tenth session of the Committee on Shipping, the representative of the United States of America stated that the consensus adoption of resolution 45 (X) on technical assistance and training could not be construed as implying his country's acceptance of increased financial support for the technical assistance programme in the field of shipping. He stressed that the allotment of resources for technical assistance was to be based on a proper evaluation of the various projects and that any increase in the allocation of funds to any programme would have to be accommodated within existing budget constraints. With that in mind, he urged the secretariat to explain fully priorities and guidelines relevant to the administration of technical assistance programmes carried out by the Shipping Division of the UNCTAD secretariat. He proposed that, while the Board should follow the mandate reflected in paragraph 1 of resolution 45 (X), the Working Party on the Medium-term Plan and the Programme Budget should also consider the matter and submit appropriate recommendations to the Board for its consideration.

562. At the closing meeting of the Sessional Committee, the Chairman said that he had been informed by the secretariat that the resolutions and the decision adopted by the Committee on Shipping at its tenth session would remain legally valid even if they were not endorsed or approved by the Board.

Consideration in plenary

563. At the 598th meeting, on 17 September 1982, the President drew attention to the relevant paragraphs of the report of Sessional Committee I (TD/B/L.641, sect. C), which the Board would have formally before it at its next meeting.

Action by the Board

564. At the same meeting the Board took note of the report of the Committee on Shipping on its tenth session and of the resolutions and decision annexed to the report, noting the financial implications thereof. 24/

D. Development aspects of the reverse transfer of technology

(Agenda item 9 (d))

Consideration in Sessional Committee I

565. The representative of Turkey, in his capacity as Chairman of the Intergovernmental Group of Experts on the Feasibility of Measuring Human Resource Flows, recalled Board resolution 227 (XXII) on the reverse transfer of technology and General Assembly resolution 36/141, paragraph 6 of which invited the Board to include in the report on its twenty-fifth session a progress report on the work of the intergovernmental group of experts. The Group of Experts had met at Geneva from 30 August to 6 September 1982 and had considered the study by the UNCTAD secretariat on "The feasibility of measuring international flows of human resources" (TD/B/C.6/AC.8/2).

566. He regretted that, in spite of all efforts made, the deliberations of the Group of Experts had not come to a successful conclusion on a highly complex subject of universal concern. It had been his hope that a consensus could have been reached, since the differences in the positions of the groups had been narrowing progressively as the negotiations progressed on the basis of his own proposals.

567. The report of the Group of Experts (TD/B/C.6/89-TD/B/C.6/AC.8/3) would be considered by the Committee on Transfer of Technology at its fourth session, together with the draft conclusions and recommendations submitted separately by the Group of 77, by Group B and by himself as Chairman. He expressed the hope that his proposals would constitute a basis of consensus at the Committee on Transfer of Technology.

568. The spokesman for the Group of 77 recalled that the position of his Group had been guided by two basic considerations. First, the study submitted by the secretariat showed that the measurement of human resource flows was conceptually and technically feasible. Although there was still room for further diagnostic work, that should not prevent urgent policy consideration and action on the adverse effects of the reverse transfer of technology. Secondly, there had been for the last 10 years a considerable amount of work on the reverse transfer of technology, both in UNCTAD and elsewhere, examining the magnitude and composition of the outflow of skilled manpower from developing countries. There was a strong belief in his Group that it was high time to reach agreement on the relevant principles,

measures and conventions required for the practical application of the measurement of human resource flows and on the consideration of policy-oriented measures at the national, regional and international levels.

569. He regretted that the Group of Experts could not reach an agreed conclusion. However, any future work to be undertaken on technical aspects of the problem had also to deal with policies to mitigate the adverse effects of the brain drain, as called for in General Assembly and UNCTAD resolutions.

570. The spokesman for Group D said that his Group had participated actively in the meeting of the Group of Experts. He regretted that the failure of the Group of Experts to reach an agreement on the uncompensated flows of skilled manpower from developing countries had been due to Group B, which did not recognize that the measurement of human resource flows was feasible and refused to consider further action to be taken at the policy level. Therefore, the outflow of skilled manpower from developing countries would continue unchecked. It was his view that work should continue in UNCTAD in a progressive way and along two main avenues. First, there should be guidelines for the measurement of human resource flows, particularly of flows of skilled manpower from developing to developed western countries. Secondly, there should be work on policies and practical measures to solve the problems associated with the adverse effects of the reverse transfer of technology.

571. The representative of Canada stated that the members of Group B had accepted the Chairman's draft conclusions and recommendations in their entirety and hoped that the Chairman's proposals would be the basis for a consensus in the Committee on Transfer of Technology at its fourth session. He expressed regret at the absence of agreement in the meeting of the Group of Experts. The reason for this lack of consensus was that extraneous and broader issues of brain drain had been introduced into the deliberations of the Group of Experts, whose mandate was to consider the feasibility of measuring human resource flows.

572. In response to the spokesman for Group D, he said that the expert from Group D in the meeting of the Group of Experts had made it clear that there was no such problem as brain drain in the countries of Group D. That was in part due to their policy of erecting walls and closing their borders to migrant flows in either direction. Therefore, if Group D wished to express its solidarity with developing countries, it should do it with actions and not only with words. Further discussion of the issue at the Committee on Transfer of Technology would have to deal with the feasibility of measuring human resource flows, and he hoped that it would be possible to agree on further work to be done on the basis of the Chairman's proposals.

573. The spokesman for the Group of 77, replying to the statement by the representative of Canada, said that his Group was strongly of the view that the mandate and terms of reference of the Group of Experts were to be read in the context of the broader mandate given by different General Assembly resolutions on the subject of reverse transfer of technology. Nowhere in those resolutions was it indicated that measurement of human resource flows was a prerequisite for policy analysis and policy-oriented action. It was his Group's interpretation that the work of the Group of Experts should not prevent it from considering the policy implications related to the reverse transfer of technology. He added that migration of skilled manpower among developing countries and issues arising therefrom were of the exclusive competence of those countries themselves.

574. The representative of Peru said that the experts from the Group of 77 had looked to the mandate of the Group of Experts in terms not only of measuring human resource flows but also of emphasizing the reverse transfer of technology. He was persuaded that the measurement of reverse transfer of technology was feasible. The experts from Group B had tried to extend the idea of measurement to the flows of all economically active persons, and not only skilled people, and therefore had concluded that this was not feasible. The Committee on Transfer of Technology had to determine what type of flows had to be measured, and there was no doubt that for the countries members of the Group of 77 it should be outflows only of skilled manpower from developing countries, or the reverse transfer of technology. He observed that this interpretation of the mandate of the Group was confirmed by the wording of this sub-item of the Board's agenda, which was "Development aspects of the reverse transfer of technology".

575. The spokesman for Group D said that the remarks by the representative of Canada defaming Group D were grossly insulting. The tone in which they had been made was not in accordance with standards prevailing in international forums. Group D saw the statement by the representative of Canada as an attempt to distract attention from the very real and very important problems whose solution was a precondition for the establishment of the new international economic order. According to the logic of that representative, the countries of Group D, not being affected by the problem of brain drain, had no right to take part in discussion of the matter of the establishment of the new international economic order. That was in obvious contradiction with the principle of universality, which was at the very foundation of UNCTAD.

576. The representative of Canada stated that his remarks had been specifically relevant to the question of brain drain, and the tone in which they had been delivered compared favourably with the tirade by the spokesman for Group D delivered earlier in the Board in plenary. He could understand that Group D would not see walls and closed borders as an impediment to brain drain, but noted that no developing countries had asked the countries of Group B to erect walls and close their borders. He totally rejected the inappropriate comments of the spokesman for Group D.

577. The spokesman for Group B said that the Committee on Transfer of Technology at its fourth session would have ample opportunity to discuss the report of the Intergovernmental Group of Experts and that the Board should now take note of the progress report submitted by the Chairman of the Group.

578. The representative of Saudi Arabia, referring to the remarks by the representative of Canada on the migration of skilled personnel from developing countries to the oil-exporting countries, expressed full agreement with the spokesman for the Group of 77 who had said that the question of labour migration and employment in the oil-exporting countries was a matter of co-operation among developing countries and was the concern of the Group of 77 alone. He recalled that the brain drain applied to the migration of skilled personnel from developing to developed countries, which was also known as the reverse transfer of technology. Migration to oil-exporting countries was composed of mostly unskilled or semi-skilled manpower. Most of the highly skilled personnel, such as engineers and teachers, came from other Arab countries, in accordance with bilateral agreements between Saudi Arabia and other developing countries in the framework of technical co-operation among developing countries.

Consideration in plenary

579. At its 598th meeting, on 17 September 1982, the President drew attention to the relevant paragraph of the report of Sessional Committee I (TD/B(XXV)/SC.I/L.1/Add.5, para. 16), which would be formally before the Board at its next meeting.

Action by the Board

580. At the same meeting, the Board took note of the oral progress report by the Chairman of the Intergovernmental Group of Experts on the Feasibility of Measuring Human Resource Flows and further noted that the report of the Intergovernmental Group of Experts would be considered fully by the Committee on Transfer of Technology at its fourth session.

E. Medium-term plan and programme budget

(Agenda item 9 (e))

Consideration in Sessional Committee I

581. The report of the Working Party on the Medium-term Plan and the Programme Budget on its sixth session (TD/B/WP/L.15 and Add.1-3, as amended and completed by TD/B/L.634) was introduced by the Chairman of the Working Party. 25/

582. He said that the Working Party had had a very useful discussion on the desirability of including programme evaluation in its functions (agenda item 3), although views had differed on whether it would be opportune at this stage to introduce new methods for programme evaluation. The recommendations adopted by the Working Party, contained in annex I of its report, indicated that the Working Party intended to continue its discussion of this item at its seventh session.

583. Although the Working Party had discussed the frequency and duration of its meetings (agenda item 4), it had not been able to recommend a date for its seventh session. Two regional groups believed that the seventh session of the Working Party should be held after the sixth session of the Conference, in view of the heavy preparatory work for the Conference, whereas one regional group had stressed the need to hold the seventh session before the Conference. It would therefore be for the Board to take a decision on this question.

584. In conclusion, he urged the Board to take note of the report of the Working Party on its sixth session and to endorse the recommendations adopted by it.

585. The spokesman for Group B stated that his Group welcomed the recommendations adopted by the Working Party and looked forward to the continued consideration of internal evaluation and technical assistance by the Working Party at its seventh session, on the basis of the documentation to be prepared by the UNCTAD secretariat. The discussion of internal evaluation initiated at the sixth session of the Working Party on the basis of a report prepared by the Office for Programme Planning and Co-ordination of the Department of International Economic and Social Affairs of the United Nations Secretariat (TD/B/WP/23) had been a particularly constructive development. His Group regretted, however, that it had not been

possible at that session to have a full and well-focused discussion on the principles and objectives of a system of internal evaluation along the lines urged by Group B. It looked forward to hearing at the next session of the Working Party the considered views of other Groups on the draft recommendations submitted by Group B during the sixth session, which were contained in annex II to the report of the Working Party.

586. Clarifying what Group B understood by internal evaluation and why his Group attached high priority to it, he made the following points:

(a) An internal evaluation system in UNCTAD should not seek to judge the performance of member States in any way, for example in the matter of their compliance with international standards and codes. He recalled that the intention of Board resolution 231 (XXII), which provided the mandate for the Working Party to consider evaluation, was that the secretariat should develop a system for improving its own effectiveness;

(b) The evaluation system should not take up policy questions related, for example, to trade and development issues. It should be concerned solely with the operational efficiency of the secretariat;

(c) Evaluation in UNCTAD should not be conducted primarily by surveys based on questionnaires and interviews designed to record the experience and perceptions of government representatives to UNCTAD. In the view of Group B, this would not support the goal of secretariat accountability to Governments;

(d) Internal evaluation would not be an instrument for reorganizing the UNCTAD secretariat or for making cuts in its specific functions or units. It would simply be an instrument for finding better ways of doing the work that had been assigned. In short, evaluation was seen as a sharply focused instrument of management, aimed solely at improving the efficiency and cost-effectiveness of future performance by measuring and analysing past operations.

587. He pointed out that in recent years most United Nations bodies had put evaluation concepts and methods into practice, with very constructive results that were of benefit to all countries. Most of those bodies had also accepted the definition of evaluation given by the Joint Inspection Unit, namely that it was a process that attempted to determine, as systematically and as objectively as possible, the relevance, effectiveness and impact of activities in the light of their objectives, as determined by Governments. Accordingly, they had adopted evaluation procedures appropriate to their own needs and they had consistently found such procedures to be of considerable value to programme managers and to intergovernmental bodies. Their collective experience represented a valuable reservoir of practice. Group B therefore expected the UNCTAD secretariat, drawing on this experience and acting in accordance with the recommendations of and discussion in the Working Party at its sixth session, to prepare, in consultation with the United Nations Office for Programme Planning and Co-ordination, a comprehensive document on evaluation that would cover not only the administrative practices referred to by the Deputy Secretary-General of UNCTAD in his opening statement to the Working Party, but also specific proposals by the UNCTAD secretariat for applying to its own work the practices now widely in effect throughout the United Nations system. His Group believed that it would be desirable to reach agreement at the seventh session of the Working Party on the modalities of evaluation that would be best suited to UNCTAD and that this could be

done on the basis of the report requested by the Working Party. Progress towards an effective system of evaluation would provide a positive framework for the consideration of other institutional issues at the sixth session of the Conference.

588. Turning to the question of the review of technical assistance activities in UNCTAD, he said that Group B believed that the review of such activities, on the basis of comprehensive factual and analytical reports to be prepared by the secretariat, could provide the Conference with useful insights that would be relevant to many aspects of its work. His Group regretted that the secretariat had failed to fulfil its obligation, under Board resolution 231 (XXII), to provide an annual report in 1982 on the UNCTAD technical assistance activities. This made the need for a full discussion of the matter at the seventh session of the Working Party all the more urgent.

589. Referring to the frequency and duration of its meetings, which the Working Party had discussed under item 4 of its agenda, he recalled that Conference resolution 114 (V) and a parallel decision taken by the Board at its nineteenth session, required the Working Party to meet twice a year. The decision had not been taken lightly, and so far the Working Party had found it useful to meet in the spring, shortly before the May session of the Committee for Programme and Co-ordination, and in the autumn, prior to the session of the General Assembly. There would be an opportunity at the sixth session of the Conference to consider whether the cycle of two annual meetings should continue, as Group B believed it should; but, in the meantime, Group B was of the view that the frequency of meetings of the Working Party should continue to be governed by Conference resolution 114 (V). He pointed out that the session of the Working Party that, with the present cycle, would meet in the autumn of 1983 to consider the adjustments to the UNCTAD programme budget for 1984-1985 that would be necessary in the light of decisions taken at the Conference, would have a very heavy work-load. There had been a tendency in the Working Party to see this task alone as meriting a two-week session. He shared the concern of the Group of 77 at the crowded calendar of meetings for the first half of 1983, but at the same time he saw the session of the Working Party in the spring of 1983 as a very important part of the preparatory process for the Conference. He was therefore confident that all groups would agree that the Board, in approving the calendar of meetings, should confirm that the seventh session of the Working Party would take place before the sixth session of the Conference on the basis of the provisional agenda approved by the Working Party.

590. The spokesman for Group D said that the Group D countries considered that the sixth session of the Working Party had been very important not only for the future role of the Working Party but also in terms of a general improvement in the effectiveness of UNCTAD, in accordance with its mandate in General Assembly resolution 1995 (XIX). His Group supported in principle the idea of programme evaluation in UNCTAD, provided that agreement could be reached on an effective and pragmatic approach to such an evaluation system in line with the general principles and guidelines outlined by the spokesman for Group D in the Working Party.

591. As for the problem of the frequency and duration of the future sessions of the Working Party, he said that, having in mind that a change in the present pattern of meetings might be one of the means for improving the efficiency of the Working Party, Group D favoured the proposal to hold henceforth only one session per year, for a duration of up to two weeks. Such an annual session should be convened at least four weeks before the regular session of the Board, and the necessary documentation for the Working Party should be available to Governments at least six

weeks before the opening of the session. He believed that this procedure would provide an appropriate framework for the successful work of the Working Party.

592. Finally, he regretted that the Working Party had been unable to agree on the date for its seventh session and he hoped that the Board would now be able to take a decision on the matter.

593. The spokesman for the Group of 77 said that his Group regretted that there had been no agreement in the Working Party on the desirability and applicability of programme evaluation for the activities of UNCTAD, or concerning the frequency and duration of the meetings of the Working Party. Regarding internal programme evaluation for the activities of UNCTAD and, in particular, the establishment of a special evaluation unit, the Group of 77 was convinced that this was neither appropriate nor necessary, since arrangements of that kind existed already within the secretariat and also at the intergovernmental level, in the form of the main Committees. There was no disagreement between the Group of 77 and the other regional groups concerning the fundamental desire to ensure a continuous improvement in the efficiency of UNCTAD. The main point of disagreement concerned the methods to be applied in conducting the relevant evaluation. He felt that the approach recommended by the Office for Programme Planning and Co-ordination and supported by Group B, which sought above all to ensure the internal technical and budgetary efficiency of the secretariat, was not consistent with the current practices for the examination, elaboration and evaluation of UNCTAD activities. In short, the methods proposed represented theories that were difficult to adapt in practice to the activities in question, in particular with regard to the inherent difficulty of defining objective criteria and end-users. He recalled that the representative of the Office for Programme Planning and Co-ordination had recognized that no evaluation model had yet been tried out in this sphere. The Group of 77 favoured a global and integrated procedure for the examination, elaboration and evaluation of programmes that were intended to solve the problems of trade and development and not to perpetuate them. His Group was therefore opposed to any new evaluation system that was not established in conformity with the objectives and relevant resolutions and decisions of member States.

594. In view of the above considerations, the Group of 77 considered that the seventh session of the Working Party should be convened after the sixth session of the Conference. That view also took account of the very heavy calendar of meetings in preparation for the Conference, as well as of the need to adjust the programme of UNCTAD activities in the light of decisions to be taken by the Conference. The Group of 77 was therefore of the view that it was essential to hold only one two-week session in 1983, after the Conference. Noting that Group D, the Group of 77 and China shared the same view on this matter, he expressed the hope that the Board would be able to decide on the date for the seventh session of the Working Party.

595. The representative of China urged that the Board take note of the report of the Working Party on its sixth session and endorse the consensus recommendations adopted by it. As for the question of the frequency of the sessions of the Working Party and the date of its seventh session, he said that the view of his delegation remained exactly as stated by the representative of China in the Working Party.

596. The representative of Mexico stated that the countries members of the Latin American Group were agreed that the seventh session of the Working Party should be held after the sixth session of the Conference.

597. The spokesman for Group D reiterated his Group's support for the proposal to hold the seventh session of the Working Party after the Conference. He felt that a meeting of the Working Party in the spring of 1983 would be likely to confuse the preparatory work for the Conference.

598. The spokesman for the Group of 77 noted the divergence of views on this question and observed that there appeared to be a clear majority in favour of holding in 1983 a single, two-week session of the Working Party, after the sixth session of the Conference.

599. The Chairman observed that the date for the seventh session of the Working Party would be dealt with in plenary by the Board when it considered the review of the calendar of meetings (agenda item 11 (g); for the review of the calendar of meetings, see chap. VIII, sect. L, below).

Consideration in plenary

600. At the 598th meeting, on 17 September 1982, the President drew attention to the relevant paragraph of the report of Sessional Committee I (TD/B(XXV)/SC.I/L.1/Add.4, para. 20), which would be formally before the Board at its next meeting.

Action by the Board

601. 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 sixth session and endorsed the recommendations adopted by the Working Party and the provisional agenda recommended for its seventh session.

CHAPTER V

SIXTH SESSION OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT: OBJECTIVES, PREPARATORY WORK, PROVISIONAL AGENDA AND ORGANIZATION

(Agenda item 6)

602. For the consideration of this item the Board had before it a note by the UNCTAD secretariat on the organization of the sixth session of the Conference (TD/B/L.632), an addendum to which (TD/B/L.632/Add.1) set out possible options for the allocation of agenda items.

603. At the 594th meeting, on 13 September 1982, the spokesman for Group B stated that his Group believed that the discussion on item 6 of the provisional agenda of the Conference should take place in plenary in conjunction with the general debate (item 7). Group B also felt that it would be appropriate to have three sessional committees to cover respectively the principal issues: commodities (item 9), trade (item 10) and money and finance (item 11). The remaining issues (covered by items 12 and 13) could be dealt with by some appropriate mechanism, which could be a fourth sessional committee. Group B strongly believed that such a mechanism would be preferable to the various options set out in TD/B/L.632/Add.1, which were rather complex and would place an unmanageable burden on participating delegations. It would also be helpful if the secretariat could provide a tentative timetable for the discussions, particularly in the committee dealing with items 12 and 13. His Group hoped that the basic documentation for the Conference would be available by the end of the year, as the Secretary-General of UNCTAD had previously indicated. Finally, Group B stood ready to consider - with the President, the Secretary-General of UNCTAD and other groups - how further pre-Conference discussions should be pursued.

604. At the 597th meeting, on 15 September, the representative of Iran made a statement regarding the venue of the Asian Ministerial Meeting in preparation for the sixth session of the Conference. The President ruled that the issue raised was not within the competence of the Board.

605. References to preparations for and the organization of work of the sixth session of the Conference were also made in statements delivered under agenda items 3, 4 and 5 (see chap. II and III above).

606. At the 598th meeting, on 17 September, the President introduced a draft proposal (TD/B/L.642) that he had submitted as a result of his informal consultations concerning arrangements for the organization of the sixth session of the Conference.

Action by the Board

607. At the same meeting, the Board approved the arrangements for the organization of the sixth session of the Conference proposed by the President (see annex I below, decision 258 (XXV)), and commended them to the attention of the pre-Conference meeting of senior officials and of the Conference itself, subject to such further decisions as might be taken by the Board at its twelfth special session.

608. The spokesman for Group B expressed the great satisfaction of the members of his Group that the Board had succeeded in resolving all the issues pertaining to the organizational structure of the sixth session of UNCTAD. That was a positive achievement that would provide a firm foundation for the sixth session of UNCTAD and was the result of the excellent co-operation and flexibility shown by the different regional groups. Group B had taken the view that item 12 of the provisional agenda of the Conference, concerning the least developed countries, might best have been considered in the same main committee as would deal with item 13, and had had the clear impression that this position had been accepted by the other groups. Given the political importance of the matter, however - which his Group fully recognized - Group B had agreed with the initiative of the Group of 77 that item 12 should be dealt with in plenary at the sixth session of UNCTAD. That should not change the character of the discussions on this item, which would remain in the nature of a review, in the light of the outcome of the United Nations Conference on the Least Developed Countries.

CHAPTER VI

TRADE RELATIONS AMONG COUNTRIES HAVING DIFFERENT ECONOMIC AND SOCIAL SYSTEMS AND ALL TRADE FLOWS RESULTING THEREFROM

(Agenda item 7)

609. This item was referred to Sessional Committee II for consideration and report.

Consideration in Sessional Committee II

610. Opening the discussion on this item, the representative of the Secretary-General of UNCTAD introduced the documentation prepared by the secretariat, in particular the "Review of trends and policies in trade between countries having different economic and social systems" (TD/B/912), supported by a statistical review in an addendum to that document (TD/B/912/Add.1 and Add.1/Corr.1). He pointed out that, in spite of the worsening situation in world markets in 1981, as in previous years trade between countries having different economic and social systems had continued to progress. Trade between developing countries and socialist countries of eastern Europe had remained particularly dynamic, since it had increased by 20 per cent, that is much faster than trade between developed market-economy countries and socialist countries (about 4 per cent) and intra-CEEA trade (11 per cent). Many developing countries had entered into long-term arrangements with the socialist countries of eastern Europe, which, in the majority of cases, covered the next five-year period. It was reported that each year more than 100 intergovernmental agreements had been concluded between developing countries and socialist countries of eastern Europe, which had proved to be an important instrument for the development of trade and economic relations between those countries.

611. The economic co-operation between socialist countries of eastern Europe and developing countries had also been expanding in various forms. Thus, as reported, the total volume of economic assistance of the USSR to the developing countries had increased by over 70 per cent during the five-year period 1976-1980, amounting in net terms to about 30 billion roubles. A further expansion of trade and economic co-operation between the socialist countries of eastern Europe and the developing countries was expected on the basis of existing agreements and other arrangements. He noted that, in 1981, East-West trade had grown by 3 per cent in the case of exports and 5 per cent in that of imports, reflecting the interest shown by the partner countries in the further expansion of trade. However, in volume terms it had increased more slowly than in terms of value that year, and its share in the overall trade turnover of the socialist countries of eastern Europe had slightly diminished. The development of that flow of trade in 1981 had been constrained by restrictive trade practices against the socialist countries and worsening credit terms in the financing of East-West transactions. The economic difficulties in Poland, whose trade with the West had been cut by more than 20 per cent, had also affected the overall pattern of East-West trade. The resulting persistent trade deficits with the developed market-economy countries remained a subject of concern for some of the socialist countries of eastern Europe.

612. Referring to other documentation prepared by the UNCTAD secretariat to facilitate consideration by the Board of agenda item 7, he noted that document TD/B/920 dealt with the present state of and prospects for economic relations between the socialist countries and the African developing countries and that case

studies had been prepared on the experience of the USSR (TD/B/918) and of Czechoslovakia (TD/B/919).

613. Drawing attention to the possibility for interested member countries to hold bilateral or multilateral consultations during the session within the UNCTAD consultative machinery established for the purpose, he said that the secretariat was, as usual, willing to provide assistance of both a substantive and an organizational character at the request of the delegations concerned.

614. He recalled resolution 243 (XXIII) of the Trade and Development Board, in which the Board decided to continue, at the present session, the consideration of the draft resolution annexed to resolution 220 (XXI) on the basis, as appropriate, of the text annexed to resolution 243 (XXIII).

615. He reported that the secretariat was successfully implementing activities within the framework of the UNDP/UNCTAD Comprehensive Technical Assistance Programme for the development of trade between developing countries and socialist countries of eastern Europe, having organized an interregional workshop (Moscow, June 1982) and four national seminars (Lagos, November 1981; Algiers, December 1981; Lima, August 1982; and Managua, August/September 1982). A second seminar for African countries (Sofia-Moscow, October 1982) and another national seminar (New Delhi, December 1982) were in course of preparation.

616. All representatives who took part in the discussion stressed the importance that their countries or groups of countries attached to the expansion of trade and economic relations among countries having different economic and social systems and to the role played by UNCTAD in that respect. They considered that the work of the sessional committee to which the agenda item in question was allocated was among the ways in which UNCTAD performed one of the main functions assigned to it.

617. With regard to the draft resolution annexed to Board resolution 243 (XXIII), they underlined that steady progress had been made over the past few years and that substantial preconditions had been created for overcoming the differences of opinion that still existed. They declared their readiness to negotiate in a constructive way in order to arrive at a consensus on the draft resolution at the present session of the Board.

618. Many delegations commented favourably on the documentation prepared for the session by the UNCTAD secretariat, which gave valuable support to Sessional Committee II in its work, since they provided a basis for evaluating the present situation and for the further development of trade and economic links among countries with different economic and social systems. Other delegations pointed to serious deficiencies in the documentation. At the same time, they expressed dissatisfaction that substantive documents prepared by the secretariat on agenda item 7 had not been made available at the beginning of the discussions on the item, thus affecting the work of the Sessional Committee. They insisted that measures should be taken to provide delegations with the documentation in all official languages during the Board session and to avoid such delays in future.

619. The representatives of a number of developing countries welcomed the technical assistance activities of the secretariat at the interregional, regional and national levels under the aegis of the UNDP/UNCTAD Comprehensive Programme, which were directed towards expanding their trade and economic relations with the socialist countries of eastern Europe. They expressed the wish that such

activities, including the wider dissemination of practical trade and economic information, should continue in the future.

620. The spokesman for the Group of 77 stressed that the item under consideration was of particular importance to the countries of that Group. He noted the growth of trade and economic co-operation between the socialist countries of eastern Europe and the developing countries, referred to the close links between this trade flow and world trade as a whole, and stressed the importance of further developing mutual economic ties, and of diversifying and expanding their exports to an ever-increasing extent.

621. The representative of Nigeria stated that a significant expansion had been recorded not only in trade but also in economic and technical co-operation between his country and the socialist countries of eastern Europe. He referred to the agreement concluded by his Government with one of those countries for the construction of a metallurgical complex, and mentioned various other important agreements that had been concluded between his country and a number of other socialist countries. The four-year development plan launched in 1980 by his country was to make it self-sufficient in agricultural and industrial production, and he invited the socialist countries of eastern Europe to participate actively in that plan. The participation should include joint ventures and other forms of co-operation with Governments and private entrepreneurs to the mutual advantage of both parties. He indicated that, although his country's trade with the socialist countries had been expanding annually in recent years, there was room for those countries to diversify their imports. Commenting on the documents submitted to the Board, he suggested that, in future, the "Review" should contain more information on the composition and volume of imports by socialist countries from developing countries.

622. The representative of India stated that trade and economic relations between developing countries and the socialist countries of eastern Europe were important to both groups, and the expansion of that flow of international trade would have a positive and healthy impact on the other groups of countries and on the world economy as a whole. The growth recorded during recent years in trade between the two groups had been encouraging for the developing countries and was opening up new opportunities for further expansion. He noted with appreciation the support that the Group of 77 had been receiving in UNCTAD from the socialist countries of eastern Europe, and hoped that Group D would be prepared to support new developmental efforts by developing countries. In that connection, he looked for further support from the Group D countries with respect to the increase of their imports from developing countries on the basis of complementarity, and also to the flow of financial resources and the transfer of technology. Referring to the draft resolution annexed to Board resolution 243 (XXIII), he suggested that it should reflect the very important provisions in the International Development Strategy for the Third United Nations Development Decade and the documents of the United Nations Conference on the Least Developed Countries.

623. The representative of the Republic of Korea stated that, as of 23 June 1982, his Government had extended most-favoured-nation treatment to products imported from non-GATT members, including those countries whose economic and social systems were different from those of his country. He expressed the hope that this policy would facilitate the expansion of his country's trade relations with the socialist countries of eastern Europe.

624. The representative of Nicaragua stated that his Government supported the activities of the Sessional Committee and considered trade with the socialist countries of eastern Europe to be important for traditional exports as well as for new export products. Some of those countries had contributed grants and credits for the purchase of machinery and equipment, which were playing an important role in the process of national reconstruction and in strengthening the productive capacity of his country. He drew attention to the recent successful seminar on trading between the socialist countries of eastern Europe and his country, organized as part of the UNCTAD advisory services in conformity with Conference resolution 95 (IV) and the relevant decisions of the Board. His country hoped that UNDP and UNCTAD would continue their activities to promote the foreign trade of the developing countries in the period 1983-1986, in particular through seminars in Latin America.

625. The representative of Indonesia stated that, although the economic situation in the world in general was gloomy, some optimism could be derived from the expansion of trade between the developing countries and the socialist countries of eastern Europe, as illustrated by the development of his own country's trade. He hoped that the UNCTAD secretariat would continue its activities to promote trade and economic relations between the two groups of countries.

626. The representative of Peru stated that his country, like other developing countries, had a great interest in agenda item 7. Over the last decade it had concluded a number of bilateral intergovernmental agreements with the socialist countries of eastern Europe that had resulted in an increase in the volume of trade and economic co-operation between them. Expressing concern about the present international economic situation, he said that a set of internationally accepted rules able to promote trade between countries with different economic and social systems was needed in order to reactivate international trade. He hoped that all the countries present would endeavour to finalize and adopt the draft resolution annexed to Board resolution 243 (XXIII).

627. The representative of Sao Tome and Principe stated that, in view of his country's limited resources, it had so far not been in a position to participate in all UNCTAD activities. However, during the present session of the Board, it had availed itself of the services offered by the secretariat in organizing bilateral consultations between the socialist countries of eastern Europe and developing countries, and had conducted bilateral consultations with some socialist countries, as its policy was to diversify its trade and develop its economic co-operation with all countries, irrespective of their social, economic and political systems.

628. He thanked the secretariat for assisting his delegation by organizing such consultations and also thanked the delegation of a socialist country of eastern Europe that had taken the initiative of inviting his delegation to exchange views on the development of their mutual trade and economic relations. He asked the UNCTAD secretariat to continue to organize such consultations, and to make it possible for his country to benefit from the technical assistance activities undertaken by UNCTAD in collaboration with UNDP and the Economic Commission for Africa (ECA). In conclusion, he appealed to the Secretary-General of UNCTAD to take the particular problems of his country into account in the future activities of the organization, so as to enable Sao Tome to participate actively in all UNCTAD activities.

629. The representative of China said that his country always stood for the development of trade relations among countries having different economic and social systems on the basis of the principles of sovereignty, independence, equality and mutual benefit. He emphasized that particular attention should be given to the interests of the developing countries in considering agenda item 7, which should contribute to the expansion of trade and the development process in the developing countries. He suggested that more time be given for consideration of the proposals and outstanding issues in the draft resolution annexed to resolution 243 (XXIII).

630. The representatives of the socialist countries of eastern Europe pointed out that the subject covered by agenda item 7 embraced one of the most important parts of the activities of UNCTAD. They noted with satisfaction the dynamic development of trade and the growth of new forms of co-operation with the developing countries, in spite of the unfavourable world economic situation. They expressed deep concern about the further escalation of the policy of discrimination, trade sanctions and embargo pursued by the Governments of some developed market-economy countries, especially the United States, which was leading to a genuine trade war against the socialist countries of eastern Europe. These non-economic measures were aggravating the present economic crisis and seriously affecting all international trade flows. In that connection they referred to the memorandum from the delegation of the USSR "Obstacles to the development of contemporary trade and economic relations" (TD/B/924), distributed under agenda items 3 and 7. The representatives of the socialist countries of eastern Europe strongly opposed the attempts of one group of countries to exclude the whole complex of East-West trade relations from the activities of UNCTAD, which was in contradiction with the letter and spirit of the organization's mandate and was jeopardizing its universal character.

631. The representative of the German Democratic Republic expressed deep concern at the continued and intensified attempts to eliminate the issue of East-West trade relations from the activities of UNCTAD. His country's position on different aspects of international trade, including its systems and principles, which had been clearly stated in Sessional Committee II at the Board's twenty-third session, continued to be valid. The aggravation of the international situation during the past 12 months had had an adverse effect on international trade relations which, in his view, could not be passed over in silence. He stated that the policy of aggressive circles in certain western countries in the direction of the arms build-up, the development and testing of new weapons systems and the deployment of new medium-range nuclear weapons in European countries members of NATO, as well as open acts of war as, for example, in the Near East, were among the factors that were contributing to a worsening of the international situation. He emphasized the urgency of carrying out such proposals as the release of part of the sums expended by States on armaments to promote trade and development instead.

632. He pointed out that the further escalation of the policy of sanctions and blockade pursued by the leading economic Power of the West had led to a marked deterioration in the international trade situation. In his view, the policy of confrontation was being increasingly extended to the field of international economic and trade relations, thus creating a climate of great uncertainty, and the positive effects of the efforts made in the 1970s towards international détente on mutually advantageous and equal trade, particularly East-West trade, were now in jeopardy. In view of the interrelationship of the different trade flows, it was clear that the considerable disturbances that were deliberately being caused in East-West economic relations were ultimately liable to damage trade relations

between socialist and developing countries as well. The Board at its present session should therefore resist those adverse tendencies and work for the establishment of a healthy and constructive international trading climate.

633. He expressed the view that the role of UNCTAD, as the most universal international trade organization, had to be strengthened, and that UNCTAD should do all it could to encourage the parties concerned to continue and develop the co-operation in trade and economic matters established between countries with different economic and social systems, on the basis of the principles of mutual advantages, equality of rights and non-discrimination, and without interference or arbitrariness.

634. The representative of Hungary summarized the economic situation of his country, which was characterized by a heavy strain on foreign exchange, mainly due to measures beyond the control of his country's authorities. Referring to the measures of a protectionist and discriminatory nature taken in violation of the obligations of several countries represented at the present session, he said that they had caused a net loss of more than \$300 million to his country's current balance of payments, and emphasized that what was happening to his country today could happen to another country tomorrow. Pointing out that his country had experienced the infringement of its rights, non-observance of contractual obligations and inequitable treatment, he said it was firmly opposed to all economic, commercial and political discrimination.

635. In that connection, he proposed that the UNCTAD secretariat should prepare a paper on the observance by its member States of the basic principles of the organization. He noted that there was no division in UNCTAD responsible for periodically monitoring fulfilment of the contractual obligations towards member States, including his own. The study he had proposed could deal exclusively with the activities and role of UNCTAD in relation to the interests of the socialist member States. He added that his country would judge the activities of UNCTAD not by the number of declarations made in support of the development and liberalization of international trade, but by the concrete measures and decisions it adopted in that regard and the extent to which it took into account the interests of all the participants in international trade.

636. The representative of the Union of Soviet Socialist Republics said that the discussion in UNCTAD of issues in trade relations between countries having different economic and social systems was of particular importance. The economic crisis in the developed market-economy countries was gravely affecting world trade and international economic relations. As indicated in the "Trade and Development Report, 1982" (see footnote 16), the growing recourse to protectionism and the obstacles and restrictions of various kinds were narrowing the possibilities for an international division of labour. He stated that an increasingly negative influence was being exerted on all international trade flows by the trade policy and other measures of the Governments of a number of developed market-economy countries, particularly the United States. He further stated that attempts by the United States and some other developed market-economy countries at power pressure, a policy of confrontation, the achievement of military superiority and the acceleration of the arms race, as well as endeavours to bend the economic and social structures of the developing countries to serve their own interests, threatened to undermine the positive results that had been mutually achieved over the last few decades. In that connection, he referred to his delegation's memorandum on "Obstacles to the development of contemporary trade and economic

relations" (TD/B/924), stating that the policy of one-sided curbing of established trade, economic, scientific and technical ties would in the end do great harm to those who had resorted to that policy, as well as to world trade and international co-operation.

637. He added that his country was pursuing a policy of active participation in world trade and that in 1981 its trade had increased with all groups of countries - developing, socialist and capitalist - while the rate of growth of trade turnover had exceeded that of national income and of industrial production. The major trading partners of his country were the Federal Republic of Germany, Finland, France and Italy, and it was developing its trade with Austria, Canada, Denmark, Greece, Portugal and Spain, among other countries. At the same time, however, trade and economic relations between his country and the United States were being seriously affected by the United States policy of trade sanctions and embargo and by the creation of artificial obstacles to trade. His Government believed that all international trade flows were interrelated and that the infringement of one of them influenced the others as well. Accordingly, all international trade flows had to be considered as a whole, as was provided for by the universal character of UNCTAD.

638. He stated further that the policy pursued by certain circles in the developed market-economy countries of undermining trade and economic co-operation with the socialist countries reflected their arbitrary and non-constructive position in UNCTAD on issues related to East-West trade. Their negative approach should be viewed in the context of recent attempts by certain delegations to reconsider the mandate of UNCTAD and its status and to weaken its role in the system of international economic organizations.

639. He noted with satisfaction the dynamic development of trade and economic co-operation between his country and the developing countries, a trend that was both enduring and stable. During the last 10 years, their trade had increased more than fourfold. In the past year his country's trade with developing countries had increased significantly, and the share of manufactures and semi-manufactures in imports from those countries was growing steadily. Developing countries now accounted for about one fourth of his country's trade turnover, which corresponded to their position in world trade.

640. He said that his country was pursuing and extending economic and technical co-operation with the developing countries. The total economic assistance extended by it and actually used by the developing countries in the period 1976-1980 had amounted to 30 billion roubles (after deduction of loan repayments and other payments). The net economic assistance provided to developing countries during that period had thus represented an average of 1 per cent of his country's annual GNP, rising from 0.9 per cent in 1976 to 1.3 per cent in 1980. The relevant detailed data were given to the Economic and Social Council in document E/1982/86. With regard to the demands for a fixed share to be allotted to assist the developing countries, his country, as in the past, rejected such demands on the grounds of principle. It would, however, continue to give the developing countries all the assistance and support they required in their struggle for economic independence and the restructuring of international relations on a fair and democratic basis.

641. The representative of Poland said that the activities of Sessional Committee II were very important as they enabled all delegations to be better

prepared to face the challenges posed by the turbulent period now characterizing international economic relations in which the interdependence of all segments of the world economy was more pronounced than in previous years. It was therefore the firm position of his country that the mandate of the Sessional Committee should comprise all trade flows between countries with different economic and social systems, in accordance with General Assembly resolution 1995 (XIX).

642. Describing the serious economic difficulties being faced by his country, he explained that, while some of them had been caused by domestic factors, many others had their roots in external trade and payments imbalances. Foreign trade, which accounted for almost 30 per cent of his country's GNP, was obviously a major determinant of the overall performance of the national economy. Poland's growing involvement in international trade and financial relations heightened its vulnerability to positive and negative factors affecting international relations. The extent of this vulnerability had become acutely apparent when some of his country's western partners had resorted to trade and financial restrictions and discrimination, using trade as a weapon applied for non-economic reasons. In the circumstances, his country's trade with the developed market-economy countries had declined dramatically. It was well-known that similar measures had been taken against other socialist countries. The memorandum submitted by the delegation of the USSR (TD/B/924) drew attention to the fact that such policies did great damage to the trade and economic development of all countries and had a strong negative impact on the state of international relations in general.

643. In that connection, his country had proposed that appropriate measures should be taken by the international community to design economic confidence-building measures. It was essential that international organizations, including UNCTAD, should endeavour to create institutional safeguards against the distortion of international economic relations, which affected the entire international community by undermining the accepted principles of international trade.

644. On the assumption of an increasing role for the developing countries as its trade partners, his country intended to pursue the trend towards specialization and industrial co-operation projects. In the second half of the 1970s, in spite of a worsening payments situation, it had been able to increase its imports from the developing countries at an average annual rate of about 22 per cent, which had been twice as fast as that of its exports to them.

645. The representative of Czechoslovakia stated that, in the past year, trade between socialist and developing countries had been the most dynamic flow of world trade, and that his country had largely shared in the successful development of this segment of international trade. In 1981, the share of the developing countries in his country's total exports and imports had expanded to 14 per cent and 9.7 per cent respectively. His country granted sizeable credits to numerous developing countries, based on advantageous conditions such as long-term amortization periods and low interest rates.

646. Noting that trade and payments agreements, and agreements on economic, industrial, scientific and technical co-operation, were a sound basis for the stable development of co-operation, he said that trade with developing countries was conducted on the basis of 100 such agreements that were in force. During the first half of 1982, nine long-term agreements on trade, payments and economic, industrial and technical co-operation had been concluded. In the past year, his country had granted tariff preferences to 116 developing countries (including 27 least developed countries, whose imports were no longer subject to tariffs).

Tariff rates for other developing countries had been reduced by 75 per cent, with the exception of a few items.

647. He noted that in 1981 his country's foreign trade with the developed market-economy countries had decreased in absolute terms. The slackening in the growth of its foreign trade was attributable to the application by some of those countries of quantitative restrictions, discriminatory measures, the hardening of credit conditions for the socialist countries and the misuse of anti-dumping procedures in relation to imports from the socialist countries.

648. The representative of Bulgaria said that the importance of the Sessional Committee's activities had increased since the restrictive measures adopted for non-economic reasons by certain western countries, particularly the United States, had made the restoration of confidence in international trade and economic relations a central issue. The need to take, in UNCTAD and other international forums dealing with trade issues, urgent measures that would encompass the interests of all participants in international trade, so as to ensure normal conditions for the development of international economic relations, had been clearly outlined in the memorandum from the delegation of the USSR (TD/B/924).

649. The analytical documents and studies prepared by the UNCTAD secretariat, as well as the general discussion in the Committee, had clearly defined the measures needed for the further expansion of trade relations among countries having different social and economic systems. In that connection, it was of primary importance to complete the work on the draft resolution annexed to Board resolution 243 (XXIII), so as to further develop the basis for UNCTAD activities in this field, as defined in Conference resolutions 15 (II), 53 (III) and 95 (IV).

650. Regarding the development of East-West trade, he said that its longer-term prospects were determined by objective economic factors and the real interest of trading partners from both East and West in mutually beneficial trade. He referred to the Symposium on Industrial Co-operation between Partners from the East and the West, organized by the International Council for New Initiatives in East-West Co-operation and the Government of Bulgaria (Varna, Bulgaria, 11-13 May 1982), which had unanimously adopted conclusions underlining that "particularly in the present international climate the development of broader economic co-operation between the East and the West is growing in importance and becoming mandatory".

651. Describing the status of trade and economic co-operation between his country and the developing countries, he said that their relations were developing particularly dynamically, and that the trade turnover with the developing countries had increased by an average of 19 per cent annually during the last five years. He noted that the share of manufactures in his country's imports from the developing countries was following a definite upward trend. Active intergovernmental contacts and the broad legal basis that existed for long-term co-operation afforded a sound foundation for the further intensive expansion of trade and economic relations between his country and the developing countries.

652. The representative of the Ukrainian Soviet Socialist Republic commended the documentation prepared by the UNCTAD secretariat in that they were applicable not only to the work of the Trade and Development Board, but also to that of other United Nations organizations, in particular the regional commissions.

653. He stated that the UNDP/UNCTAD technical assistance programme, under which various interregional, regional and national seminars had been held, was of considerable importance for the development and diversification of trade between the socialist countries and the developing countries. It was important that UNDP should continue to allocate the necessary financing to keep the programme active. At the same time, he pointed out that the UNCTAD secretariat had considerable resources that could be used to broaden technical assistance activities in that area, in particular through closer co-operation with the regional commissions and more intensive use of advisory services and consultants.

654. In his view, the documents prepared by the secretariat did not cover all aspects of trade and economic co-operation between countries having different economic and social systems. Owing to the lack of proper internal co-ordination, the documents prepared by different divisions of the secretariat not infrequently contained differing evaluations of the same events.

655. He considered that it was necessary to increase the effectiveness of the secretariat's activities so as to provide more detailed information concerning the problems of trade and economic co-operation among countries having different economic and social systems. Such activities could include the preparation for and distribution in Sessional Committee II of documents emanating from other UNCTAD bodies, as well as of material prepared by other divisions of the UNCTAD secretariat, of documents of the regional commissions, and of national reports and statistical publications related to the comprehensive consideration of agenda item 7. Stating that trade and economic relations among countries having different social and economic systems were one of the main areas of the work of UNCTAD, he considered that the intensification of work by the UNCTAD secretariat with regard to the gathering and analysis of information on the subject, as well as the preparation of studies on the prospects for the development of trade between countries having different social and economic systems, and on ways of establishing stable and mutually advantageous relations among trading partners, would all contribute to the solution of the problems existing in this area.

656. The spokesman for Group B said his Group attached importance to the equitable participation of all industrialized countries, irrespective of their economic and social systems, in measures to strengthen economic co-operation with the developing countries.

657. Trade and financial dealings between a developing country and a State-trading country of eastern Europe presented special features and problems which deserved the attention they should receive in Sessional Committee II. By that, he did not mean that there were no special problems in relations between developing countries and developed market-economy countries. In his view, the particular concern of Sessional Committee II was economic relations between developing and socialist countries.

658. As to the trade between developing countries and the socialist countries of eastern Europe, the view of Group B was that it was largely for the developing countries to assess the extent to which such trade needed to be better balanced, more diversified or spread over a larger number of countries. It was also for the developing countries to ensure that business conditions and purchasing policies in the State-trading countries took their needs into account.

659. His Group considered that there was scope for a more questioning and analytical approach on the part of the secretariat to trends in relations between socialist countries of eastern Europe and developing countries in the documentation prepared for the current session of the Board.

660. Group B had noted the figure for economic assistance announced by one socialist country of eastern Europe, but it still remained necessary, in his Group's view, to establish to what extent the term "assistance" as used by that country was equivalent to the term "official development assistance" (ODA). Group B would be interested to learn more about the distribution of the assistance in question, its component factors and the terms and conditions on which it was given.

661. Group B considered that ECE was a more appropriate United Nations body for a detailed discussion of East-West trade. Within ECE, there was full recognition that the implementation of the provisions of the Final Act of the Conference on Security and Co-operation in Europe and full respect for the principles guiding relations among the participating States set out therein were essential as the basis for the development of co-operation among them in the various fields of economic activity. Concerning the economic aspects involved in particular, he mentioned several international meetings and forums, such as the on-going Review Meeting of the Conference on Security and Co-operation in Europe at Madrid, the ECE Committee on the Development of Trade and the annual sessions of ECE, where such questions were handled in a more detailed and balanced way by the respective countries than in the Sessional Committee of the Board. The particular purpose of Sessional Committee II was to have an opportunity to examine the developing countries' trade and other relations with the socialist countries of eastern Europe. He therefore considered that the Sessional Committee was not the place to become involved in a protracted discussion of East-West issues.

662. As for the definition of the word "protectionism" as a phenomenon, Group B pointed out that that word had been used by the representatives of the socialist countries of eastern Europe and in certain documents as though it were a phenomenon that could only apply to market economies. His Group's opinion was that the socialist countries, as centrally controlled economies, inherently incorporated controls that enabled them to limit imports, and the fact that such controls might not be readily visible in no way diminished the significance of their impact.

663. The representative of Hungary reiterated its position, as reflected in paragraph 634 above, in connection with the final proposals or results of the deliberations and added that his country, being a small trading nation, had no bargaining power. The only means of protecting its interests were its contractual rights. Therefore his delegation would not accept any text that would be contrary to those rights.

664. Referring to the draft resolution annexed to Board resolution 243 (XXIII), the spokesman for the Group of 77 expressed the hope that all groups of countries would be ready to participate in constructive negotiations in order to finalize and adopt the resolution. He added that his Group faced two fundamental problems as regards section II of the informal text dealing with trade between the socialist countries of eastern Europe and developing countries. The first problem concerned ODA provided to developing countries and the commitment of the socialist countries of eastern Europe to the 0.7 per cent target. The second was the question of convertibility: the developing countries should be able to choose the currency

they wished to accept for the goods and services transacted between them and the socialist countries.

665. The spokesman for Group D said that, in spite of the worsening of the international trade situation in the past year, his Group considered that there were good prospects for coming to an agreement on the text of the pending resolution. Clarifying the two points raised by the spokesman for the Group of 77 in the preceding paragraph, he said that the countries of Group D were ready to use, in their trade relations with developing countries, those forms of payments that were appropriate for the needs of the developing countries.

666. Referring to the question of economic assistance to developing countries, he said that his Group's position had not changed in substance, although one socialist country of eastern Europe had recently provided information on its assistance to the developing countries, using for purposes of calculation the concept of the volume of its assistance in relation to GNP.

667. The spokesman for Group B expressed his Group's attitude to the informal text annexed to Board resolution 243 (XXIII). Referring to earlier speakers, he agreed that the problems concerning payments and currencies and the question of the International Development Strategy target might not be the only ones needing further consideration, but that there were also other issues in the relationship between the socialist countries of eastern Europe and the developing countries that required clarification on which the text could be improved.

668. At its 3rd meeting, on 8 September 1982, the Sessional Committee decided to establish a Contact Group to consider the text of a new resolution in the light of the text annexed to Board resolution 243 (XXIII).

669. At the 7th (closing) meeting on 16 September, the Chairman of the Sessional Committee summarized his personal assessment of the work of the Contact Group. In his view, it had focused on two aspects: first, the informal text itself and, second, questions relating to the documentation prepared by the secretariat. With regard to the first aspect, he was pleased to report that the Groups wished to continue consultations in the hope of arriving at an agreed text.

670. As to the second aspect, he recalled that, during the general discussion in the Sessional Committee, different proposals and comments had been made by individual groups with regard to the documentation and future work of the secretariat, which had indicated possible guidelines that might be adopted to improve its future work. Naturally, at a Board session, the secretariat could not be given a new mandate that departed from the mandate based on General Assembly Resolution 1995 (XIX) and the relevant resolutions of the Conference. However, the secretariat could perhaps begin to think about new lines to be followed in its work in addition to those that had always guided it in the past. No agreed conclusions had emerged from the Contact Group in that respect, but a number of questions had been put that the secretariat might reflect on when preparing its documentation for the next session of the Board at which this agenda item would be considered.

671. Some groups had paid considerable attention to the information on economic and financial assistance and co-operation given by the socialist countries of eastern Europe to the developing countries. It seemed that the developing countries would welcome more information from the secretariat on the official development assistance provided. That term was one used internally by organizations and might need to be

adapted to the particular "aid" or "assistance" extended by the socialist countries. The documentation might also be improved by the inclusion of information from developing-country sources. That had already been done in some studies and, in his view, there were further possibilities that merited consideration.

672. He felt that information concerning the questions on financing, which already existed, could be made available in the way most appropriate for the developing countries as users. As to the question raised on preferential treatment by the socialist countries, he considered that it was primarily a matter for Divisions of the secretariat other than the Division for Trade with Socialist Countries, and the secretariat had to determine how to provide the information requested without being involved in additional work.

673. Lastly, the secretariat had paid great attention in its documentation to such aspects of the development of trade and economic co-operation as market potential in the socialist countries and the way in which co-operation could be developed. He felt that the difficulties that might be encountered in this area merited more consideration by the secretariat. In his view, that would represent a shift in emphasis rather than an actual change in its work.

674. He thought that, among the socialist countries of eastern Europe, emphasis had been placed on the maintenance of the universal character of the documentation on trade among countries with different economic and social systems.

675. In his view, the above did not preclude a special effort to answer the concerns of the developing countries and to provide more detailed information on financial assistance. The relevant information could be obtained from certain national and United Nations sources and the secretariat could draw up a synopsis of it so as to make the information universally available without having to prepare a lengthy report.

676. He was aware that the staff and financial resources of the secretariat were limited and that the secretariat should not be asked to do unnecessary work. Consequently, he considered that the suggestions proposed by different groups would not place an unduly heavy burden on the secretariat.

677. The spokesman for Group D underlined the fact that the Chairman of the Sessional Committee had made a personal assessment. That was why a more balanced assessment was necessary and the different opinions of various individual groups had to be properly reflected. In that regard, he stressed that all the issues raised in the discussion must be investigated on a universal basis. More comprehensive and full information available in other divisions of UNCTAD and in other organizations of the United Nations system regarding the two main trade flows - between the socialist and developing countries and between the socialist and developed market-economy countries - should be presented in the documents and studies of the UNCTAD secretariat. It was important to consider those topics not as separate issues, but in their interlinkage, and in the general context of analyses of all trade flows among countries having different economic and social systems within the existing mandate of UNCTAD. As to further research work and studies, he thought that the UNCTAD secretariat, in view of its limited possibilities and heavy workload, should avoid duplicating the work of other United Nations organizations.

678. In that regard, trade policy issues in relations between socialist and developing countries could not be separated from the acute problems of growing protectionism, discrimination and so-called sanctions applied by some developed market-economy countries against socialist countries for non-economic reasons.

679. As to economic assistance in all its forms, this sphere of relations between socialist and developing countries could not be viewed properly without a comprehensive analysis of the monetary and financial positions of developing countries, including the problem of the outflow of resources from those countries to the developed market-economy countries in the form of dividends, profits, and so on.

680. He stated that those were only a few of the various suggestions that had been put forward by Group D. Other suggestions by Group D should also be taken into account.

681. The spokesman for the Group of 77 thanked the Chairman for his balanced personal résumé of the conclusions of the session, which, in his view, had done justice to what the Group of 77 considered to be the correct approach to assisting the UNCTAD secretariat in preparing more balanced and comprehensive documentation for future work in the Sessional Committee. For the last three years, the emphasis in the documentation had always been on trade between the socialist countries of eastern Europe and the developing countries. The Group of 77 had therefore put forward certain thoughts and suggestions that it considered to be very important for a better understanding by developing countries of the market potential and other economic relations between the developing countries and the socialist countries. The Group attached importance to the market penetration of the products of developing countries and was interested in gaining a clearer insight into the preferential treatment given by the socialist countries, including an indication of which countries were benefiting from it. Comprehensive information should be compiled and made available not only from sources in UNCTAD, where it already existed, but also from all other sources whence it could be gathered, so that a more balanced picture of the situation could be presented.

682. He hoped that, in making those requests, the Group of 77 was not creating too much work for the secretariat, but his Group did wish to stress the importance it attached to the inclusion of the new aspects it had referred to in the documentation for the next session of the Board that considered this agenda item, whenever that might take place.

683. The spokesman for Group B said that, in the view of his Group, Sessional Committee II was a forum that provided a valuable opportunity to examine the developing countries' trade and other relations with the developed countries of eastern Europe whose economies were centrally controlled.

684. He stated that Group B fully understood the goals pursued by the Group of 77 in the negotiations on the draft resolution annexed to Board resolution 243 (XXIII). Group B had been willing and was still willing to co-operate fully in working towards an acceptable text.

685. As regards documentation, the spokesman for another Group had referred to the universal responsibilities of the secretariat. It was the hope of Group B that the secretariat would live up to those responsibilities by listening to the concerns

expressed by the overwhelming majority of delegations. That was especially necessary in view of the important rendezvous at Belgrade for the sixth session of UNCTAD.

686. As Group B saw it, the documentation contained assertions about the assistance performance of Group D countries that needed to be greatly clarified if they were to be a worthwhile background to discussions in the Sessional Committee. It still remained to be established, for example, to what extent the term "assistance" was equivalent to the term "official development assistance". Group B agreed with the Group of 77 that further studies should draw a clear distinction between financial assistance and economic co-operation between developing countries and socialist countries of eastern Europe. Group B also considered that there was scope for a more questioning and analytical attitude by the secretariat to issues in East-South relations. It was convinced that the secretariat of UNCTAD had a very real role and responsibility in giving further insight into the problems, difficulties and obstacles in economic relations between developing countries and the centrally controlled economies of eastern Europe, Group B was accustomed to the searching examination that the secretariat devoted to relations between developing countries and countries members of Group B, and noticed the absence of a similar analytical approach in the documentation prepared for the Board on East-South questions. Group B agreed with the Group of 77 that more use could be made of other reliable sources of information, including sources in the developing countries themselves.

687. He stated that Group B fully endorsed the Chairman's summary of the discussions in the Contact Group, and hoped that his statement on ways of improving the documentation would be fully reflected in the record. Group B was in full sympathy with the approach adopted to this question by the Group of 77, in particular the very useful points made in detail by the spokesman for that Group. His well-founded observations were quite consistent with the work in progress in the secretariat and would surely be welcomed by it as a guide to the preparation of documentation for the next stage of the Committee's work.

688. The spokesman for Group D had made suggestions regarding additional tasks to be undertaken by the secretariat. Group B believed that the approach adopted by Group D involved an excessively casual or cavalier attitude to the limited time and resources of the secretariat. Group D's suggestions would lead to a duplication of work done elsewhere, upon which the secretariat could not reasonably be expected to improve. Group B believed that to follow those suggestions would upset the existing priorities of the secretariat and introduce an element into the Sessional Committee's work that had little to do with the mandate of UNCTAD. It was difficult to summarize in a few words the approach of Group D. However, his Group strongly considered that it would not have the effect of helping the developing countries.

689. The representative of China felt that the statement by the Chairman gave a true picture of his consultations with the co-ordinators of the regional groups. He stated that more political will was required for adoption of the draft resolution under consideration. He added that, in order to have a better understanding of the problems under agenda item 7, the future documentation of the secretariat should contain more in-depth analysis and fuller information, as requested by the Group of 77.

690. Also at its closing meeting, the Sessional Committee noted that informal consultations on the text of a draft resolution would be continued and that the results would be reported to the Board.

Consultations on trade and economic relations

691. The Chairman of Sessional Committee II reported, at the closing meeting of the Committee, on 16 September, that he had been informed by the UNCTAD secretariat that, during the current session of the Board, several States members of UNCTAD had taken advantage of the opportunity afforded by the consultative machinery established within UNCTAD to hold bilateral consultations on questions relating to trade and economic relations. He recalled that the consultations were provided for by the relevant decisions of the Board and of the Conference, in particular Conference resolution 95 (IV). In accordance with that resolution, the UNCTAD secretariat had taken part both in the technical preparation of the consultations and in their various subsequent stages. So far, five bilateral consultations had taken place, between one socialist country of eastern Europe and five developing countries. It was possible that other consultations would be held before the end of the Board session.

692. He had been informed that, in the course of the consultations, an extensive exchange of views had taken place between the different parties relating, in particular, to the status of the economic and trade relations between the parties concerned and to the possibilities available for the expansion of trade between them, including measures to intensify such trade. In one case, which had concerned the first consultation to be arranged between that particular developing country and a socialist country of eastern Europe, a discussion had been held on the possibilities offered by that socialist country with regard to the economic, scientific and technical co-operation it was prepared to make available to the young developing country in question. The discussion had also dealt with the trade-promotion measures that should be taken to increase exports from that developing country to the socialist country. Commitments had been made on both sides with a view to the establishment of contacts in the near future, through the medium of UNCTAD as well.

693. In certain cases it had been recognized that inadequate knowledge of the respective markets and the tendency to continue to rely on a traditional channel were among the reasons why the trade flows concerned had not developed as well as they should have done.

694. All the parties engaged in the consultations wished to express their appreciation to the UNCTAD secretariat. They welcomed such consultations, which they regarded as an additional means of increasing and intensifying economic and trade relations among countries with different economic and social systems. It had been stated that the UNCTAD secretariat should further develop operational activities, such as technical assistance in the form of seminars, study tours, the provision of practical information, advisory services and bilateral consultations for the benefit of the developing countries.

Consideration in plenary

695. At the 598th meeting, on 17 September, the President of the Board introduced the draft resolution on agenda item 7 that he had submitted as a result of the informal consultations that had continued after the close of Sessional Committee II (TD/B/L.644), whereby the Board would decide to remit to the Conference at its sixth session the text of the draft resolution annexed to Board resolution 243 (XXIII).

Action by the Board

696. At the same meeting, the Board adopted the draft resolution submitted by the President (for the text, see annex I below, resolution 262 (XXV)).

CHAPTER VII

OTHER MATTERS IN THE FIELD OF TRADE AND DEVELOPMENT

(Agenda item 10)

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

(Agenda item 10 (a))

697. In the absence of the Chairman of the Group, the report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its fifteenth session (ITC/AG(XV)/81 - distributed under cover of TD/B/911) was introduced by the Executive Director of the Centre. He stated that the Centre's programme in 1981 had grown slightly in value terms (from \$14.9 million in 1980 to \$15.7 million), but resources available for supervision and backstopping showed no increase. The report showed that the shares of all regions in the programme, except Asia, had declined compared with 1980, while the share of interregional activities had increased slightly. There had been no major change in the distribution by main programme areas. The Group had noted with regret the continued decline in the share of sub-Saharan Africa and had recommended that the Centre make every effort to intensify assistance to that region.

698. He drew attention to a number of recommendations concerning the future orientation of the work of the Centre to which the Joint Advisory Group attached particular importance: the inclusion of more manufactured products in market surveys; high-priority attention to identification of export potential in developing countries and development of supplies for export in co-operation with UNIDO, FAO and the World Bank Group; the facilitation and fostering of trade among developing countries and increased attention to technical co-operation with the socialist countries of Eastern Europe; the expansion of specialized trade promotion services; and the need to increase assistance to the least developed countries. In this last connection, the Group had recommended that the least developed countries receive priority attention within the programme on import operations and techniques.

699. The Group had noted that, like other international bodies, the Centre was faced with zero growth in its regular budget resources and, in most cases, a level of contributions from traditional trust fund donors that in dollar terms showed no increase. The Group was satisfied that the Centre was doing all it could to use existing resources to the maximum and achieve productivity gains. However, lack of adequate resources meant that the Centre was virtually unable to respond to new activities recommended by the Joint Advisory Group in recent years. The Group had therefore emphasized the need to strengthen the resources of the Centre and recommended exploring the possibility of securing additional resources through the participation of the Centre in the implementation of the technical co-operation programmes of donor countries and regional organizations, in particular the Commission of the European Communities.

700. The Group had endorsed the recommendation of the Working Party on Future Arrangements for the Group that only one meeting a year be held for a trial period of two years (combining the participation of officials dealing with policy matters

and experts specializing in technical aspects of trade promotion). The Joint Advisory Group would therefore convene in 1983 for a longer period than in previous years.

701. He drew attention to the concern expressed by the Group regarding the increasingly serious difficulties faced by developing countries in their trade development efforts, and to the dangers of protectionist measures caused by the world economic recession. The economic situation of the developing world was critical and the Group believed something could be done to help developing countries help themselves through technical co-operation in trade promotion, as an important part of the development of trade.

702. The representatives of developing countries, through the spokesmen for their regional groups, expressed their strong appreciation and support for the activities of the Centre in the fields of export promotion and import operations, which they regarded as of special importance in view of the present world economic situation and the need for developing countries to expand and diversify their exports. They generally endorsed the recommendations of the Joint Advisory Group and laid special stress on the recommendation that the Centre's resources should be strengthened by seeking to increase trust fund donor contributions and UNDP financing. They expressed appreciation to those countries that had made voluntary contributions to the Centre and urged other countries in a position to do so to make contributions, since it was more important than ever to ensure that the Centre was fully able to carry out its programmes and meet all the demands made upon it.

703. The spokesman for the African Group added that a decision of the Group to hold only one meeting a year should make for greater efficiency. He also urged that special attention be given to African countries, many of which were among the least developed countries, and welcomed the forthcoming visit of the Executive Director to the African continent.

704. The representative of Mexico said that his country participated actively in the work of the Centre and fully supported its activities, especially in the field of technical assistance for marketing and in export promotion. He noted that his country's Institute of Foreign Trade worked closely with the Centre and that, jointly with it, was organizing a Latin American regional seminar.

705. The representative of Finland, speaking on behalf of Denmark, Norway, Sweden and Finland, said that, as the UNCTAD secretariat had pointed out in its "Trade and Development Report, 1982" (see footnote 16), the developing countries were facing a grave economic crisis affecting their growth and their foreign trade, especially their exports. In these circumstances the question of export promotion had become even more important.

706. The Centre was the focal point in the United Nations system for technical co-operation in the field of trade promotion and other aspects of trade; its role had been positively recognized by the international community and was given full and active support by the Nordic countries.

707. Referring to the Group's recommendations, he said that the Nordic countries supported the view that the special situation of the least developed countries should be recognized in the work of the Centre, which should be closely involved in the follow-up to the United Nations Conference on the Least Developed Countries. The variety of export products of the least developed countries was often limited.

Product development and production management thus became a major task in increasing their exports. The Centre had an important role in strengthening the human and institutional resources in this regard.

708. The Nordic countries supported ECED and would like to see it further expanded, since it had a large potential for promoting trade and development. The Centre could play an important assisting role in this regard, and the Joint Advisory Group had rightly singled this out as a priority area.

709. In order to fulfil its tasks, the Centre needed an adequate financial base. Yet its budget was relatively modest. It therefore depended heavily on voluntary trust fund contributions, much of which came from a limited number of small donors. The Nordic countries had repeatedly expressed their concern over that situation and hoped that the recommendations of the Joint Advisory Group on seeking to increase trust fund contributions and UNDP financing would be favourably considered by a wider range of individual donors.

710. The representative of Italy, conveying his country's support of the Centre's activities, noted that it had been expressed in concrete terms through a financial contribution of \$180,000 in connection with a project of interest to five or six least developed countries.

711. The representative of the Union of Soviet Socialist Republics, also expressing support for the Centre, said that the expansion of its activities inevitably raised questions of both the quality and the quantity of the services rendered to developing countries, and he welcomed the interest of the Joint Advisory Group in dealing effectively with such problems. He also welcomed a number of positive features in the activities of the Centre, notably the wider geographical coverage of its programmes; their closer correspondence to the real needs of developing countries, in particular the least developed countries; the assistance provided to State-trading enterprises; and the assistance provided to promote trade between developing and socialist countries, in particular through the UNCTAD/UNDP project in that area. His country, which participated actively in the work of the Centre, looked forward to continued collaboration with it and was pleased to note that the Executive Director would be visiting the USSR and other CMEA countries in the near future, and that there was also to be a mission from the Centre for recruitment of consultants and on other personnel matters.

Action by the Board

712. At its 588th meeting, on 7 September, the Board took note of the report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its fifteenth session, as well as of the comments made thereon.

B. Progressive development of the law of international trade: fifteenth annual report of the United Nations Commission on International Trade Law

(Agenda item 10 (b))

713. For the consideration of this item the Board had before it the report of the United Nations Commission on International Trade Law on the work of its fifteenth session, 26/ distributed under cover of TD/B/923.

Action by the Board

714. At its 588th meeting, on 7 September, the Board took note of the report of the United Nations Commission on International Trade Law on its fifteenth session.

C. Trade and economic aspects of disarmament

(Agenda item 10 (c)) *

715. Recalling the decision of the Board at the first part of its twenty-third session to consider future activities of UNCTAD on the trade and economic aspects of disarmament in the light of the recommendations of the second special session of the General Assembly on disarmament, the representative of the Secretary-General of UNCTAD gave a brief account of the second special session, held from 7 June to 10 July 1982. He said that, although the Assembly had been unable to reach agreement on measures for the prevention of nuclear war and for general disarmament, it had nevertheless given fresh stimulus to further work on disarmament in the United Nations and in the world as a whole. The Assembly had urged all Member States to consider as soon as possible relevant proposals designed to secure the avoidance of war, particularly nuclear war, and underlined the need for strengthening the central role of the United Nations in the field of disarmament. It had, inter alia, reaffirmed the validity of the Final Document of the Tenth Special Session of the General Assembly, launched the World Disarmament Campaign, requested the Committee on Disarmament to submit to it a revised draft Comprehensive Programme of Disarmament at its thirty-eighth session and recognized that "existing and planned military programmes constitute a colossal waste of precious resources which might otherwise be used to elevate living standards of all peoples."

716. He also drew attention to the "Trade and Development Report, 1982" (see footnote 16), part IV, chapter 3 of which dealt with disarmament and development and indicated the need for more attention to be devoted to the relationship between the crisis of development, on the one hand, and the increasing diversion of resources from social and economic goals to military purposes, on the other. In its future work on the trade and development aspects of disarmament, the UNCTAD secretariat would take into account the results of the second special session of the General Assembly devoted to disarmament and the economic and social consequences of growing arms expenditures for development and international co-operation. Within its competence and available resources, he believed UNCTAD should participate in the World Disarmament Campaign, and to that end the secretariat would establish close contacts with the Centre for Disarmament. It was ready to contribute, as appropriate, to the discussion and elaboration by the Committee on Disarmament of those parts of the revised version of the Comprehensive Programme of Disarmament that were devoted to trade and development aspects.

717. The representative of Poland, speaking on behalf of Group D and Mongolia, stressed the importance of work in UNCTAD on the trade and economic aspects of disarmament. The arms race, and the policies of certain imperialistic circles aimed at increasing international tension, constituted a major hindrance to the development of international trade and to technical, scientific and economic co-operation among all countries. The financing of military budgets through budget deficits, an increase in the public debt, higher interest rates and exchange-rate manipulation shifted the burden of the arms race onto other countries, in particular the developing countries. The arms race was being carried out by the

same States that were trying to convert the international trading system into a means of political and economic pressure on socialist and developing countries. There was an urgent need to adopt measures to restore confidence in international political and economic relations. The socialist countries had put forward, at the second special session of the General Assembly devoted to disarmament, a programme of measures for arresting the arms race, removing the threat of nuclear war and strengthening international peace and security. They once more drew attention to the necessity of reducing the military budgets and to the close relationship between disarmament and development.

718. Stressing the relevance of the Concluding Document of the Twelfth Special Session of the General Assembly to future activities of UNCTAD on the trade and economic aspects of disarmament, he urged that such activities be considerably intensified. In his view, the special chapter of the "Trade and Development Report, 1982" that was devoted to this subject was a contribution to research on one of the major problems facing the world economy. The Board should request the Secretary-General of UNCTAD, in future work on this subject, to broaden the range of problems studied, taking due account of the proceedings of the second special session of the General Assembly devoted to disarmament, as well as of the considerations set out in the relevant chapter of the "Trade and Development Report, 1982". Special attention should be paid to the harmful effects of the arms race on international trade and the establishment of a new international economic order. Studies on these subjects should be submitted to the Conference at its sixth session, and the UNCTAD secretariat should render all possible assistance to the Committee on Disarmament in the elaboration of those parts of the revised Comprehensive Programme of Disarmament that were related to the trade and economic aspects. The Board should adopt an appropriate decision in that sense.

719. The representative of Sri Lanka stated that the decisions of the General Assembly at its second special session devoted to disarmament required the United Nations system to intensify efforts directed at disarmament, and accordingly UNCTAD should intensify its activities on the trade and economic aspects. He welcomed the intention of the secretariat to establish working contacts with the Committee on Disarmament. At its present session, the Board should adopt a decision giving increased importance to its activities on the trade and economic aspects of disarmament, and the subject could be discussed in more detail at the sixth session of the Conference.

720. The representative of Peru, also stressing the importance of the activities of UNCTAD in this field, supported the suggestions by the representative of Sri Lanka and said that in the further analysis of trade and economic aspects of disarmament account should be taken of the "Study on the relationship between disarmament and development", prepared by a group of governmental experts. 27/ It was particularly necessary to study the arms trade and its influence on the social and economic development of developing countries. Noting that the General Assembly had been unable to reach agreement on a draft comprehensive programme of disarmament, including the sections devoted to trade and development aspects, he suggested that the UNCTAD secretariat should maintain close contacts with the Centre for Disarmament and contribute to the elaboration by the Committee on Disarmament of the trade and development sections of the revised draft programme.

721. The representative of the Libyan Arab Jamahiriya stressed the importance of serious consideration of the trade and economic aspects of disarmament by the Board due to the close relationship between disarmament and development. He wondered why

no document was before the Board specifically on this agenda item. Stressing that the developing countries were the major victims of the arms race, which diverted their scarce resources from social and economic development, he said that new weapons were being tested in developing countries and represented technology that was used in many cases against the populations of those countries. He invited the secretariat to take into account the results of the second special session devoted to disarmament and to continue and expand its research on the trade and economic aspects of disarmament, paying special attention to the harmful consequences of the arms race for the establishment of a new international economic order and, in particular, the impact on international trade and the flow of financial resources. More attention should be paid to possible trade and economic benefits from disarmament. UNCTAD should follow the work of the Committee on Disarmament, contributing to the elaboration of those sections of the Comprehensive Programme of Disarmament devoted to trade and economic aspects. Within its competence and resources, the UNCTAD secretariat should participate in the World Disarmament Campaign and the Board itself should pay constant and increasing attention to this important subject.

722. The representative of India said that his country had always recognized the close link between disarmament and development. That was why he believed that the pursuit of disarmament must be accompanied by concerted efforts for the establishment of the new international economic order. Global expenditures on armaments represented a growing and colossal waste of precious resources and had contributed significantly to the current structural crisis in the economies of certain industrialized countries and immensely compounded the problems confronted by the developing countries in pursuing their economic and social development.

723. The question of military expenditures and the link between disarmament and development needed to be placed in a proper perspective. The "Trade and Development Report, 1982" indicated that such expenditures in some developing countries accounted for a higher percentage of national product than in some industrialized countries. However, 80-85 per cent of world military expenditure was incurred by only five or six militarily significant States. In fact, over 50 per cent of this expenditure was incurred by the major military Powers. It was in those countries that the accumulation of armaments had gone far beyond the needs of national security and it was the colossal expenditure in those countries that needed to be curbed. Defence expenditure in developing countries, on the other hand, should be viewed in the context of the worsening international political and security situation, in particular the growing incidents of aggression and intimidation, as well as of political and economic coercion directed particularly against developing countries. These developing countries, which had only recently emerged from colonial rule, had to endeavour to safeguard their political independence and territorial integrity.

724. The representative of China stated that his country consistently supported genuine disarmament and had made positive efforts for achieving progress in finding solutions to disarmament issues. China had always been opposed to the arms race, to the use or threat of force in international relations and to any aggression or expansion of any State relying on military superiority. China had declared long ago that it would not be the first to use nuclear weapons and that it would not use them against non-nuclear States. He recalled that his country had put forward another proposal for disarmament, namely that the super-Powers, who were in possession of the biggest nuclear arsenals in the world, should take the lead in large-scale nuclear disarmament, and that, once they had reduced their nuclear

arsenals, China would be ready to undertake corresponding obligations, together with other nuclear States, through negotiations.

725. He regretted that the General Assembly at its twelfth special session had not been able to adopt a comprehensive programme of disarmament, a failure that in his view was due to the position taken by the two super-Powers. China understood the interest of countries in seeking the reduction of military expenditures and their reallocation for economic and social development. The present situation was that the two super-Powers were in possession of the biggest nuclear and conventional arsenals, their military expenditures being three fifths of the world's total. It was only reasonable that they should take the lead in reducing military expenditures and use the money saved for the economic and social development of the developing countries. For its part, China was ready, together with all peace-loving countries, to work towards genuine disarmament.

726. At the 598th meeting, on 17 September 1982, the spokesman for Group D noted that a constructive attitude had been taken by many delegations during the debate on this item. The issue was of paramount importance to the international community, and his Group therefore expected that this matter would remain under consideration by the Board and that a decision would be taken in this respect at a future session, pursuant to Conference resolution 44 (III) and the relevant decisions of the Board.

D. Progress in the implementation of specific action related to the particular needs and problems of land-locked developing countries

(Agenda item 10 (d))

727. For the consideration of this item the Board had before it a progress report by the UNCTAD secretariat (TD/B/916 and Corr.1 and Add.1 and Corr.1). Introducing the report, the Deputy Chief of the Special Programme for Least Developed, Land-locked and Island Developing Countries noted that land-locked developing countries, most of which were also least developed, were generally among the poorest developing countries and had the weakest growth rates. Their weak growth performance was compounded by their remoteness and isolation from world markets. Transport difficulties and higher costs of international transport services constituted an extra burden for them.

728. He recalled that, in order to alleviate the special geographical disadvantages of land-locked developing countries, the international community had adopted a number of resolutions on specific action related to their particular needs. In particular, General Assembly resolution 36/175 of 17 December 1981 appealed to all States, international organizations and financial institutions to implement, as a matter of urgency and priority, the specific actions related to the particular needs and problems of land-locked developing countries envisaged in Conference resolutions 63 (III), 98 (IV) and 123 (V), in the International Development Strategy for the Third United Nations Development Decade (General Assembly resolution 35/56, annex) in the Substantial New Programme of Action for the 1980s for the Least Developed Countries and in other relevant resolutions of the United Nations. As regards Conference resolution 123 (V), paragraph 10 of that resolution requested the Secretary-General of UNCTAD to review the special economic problems deriving from the geographical situation of the land-locked developing countries

and consider possible further recommendations for action in their favour. The secretariat's progress report was based on replies received to a questionnaire sent to Governments and relevant international organizations and on its own work related to the particular problems of land-locked developing countries. A further addendum would be issued to take account of further replies that had since been received (subsequently issued as TD/B/916/Add.2).

729. He noted that the response of the international community to the urgent assistance needs of the land-locked developing countries had been varied. Several major donors of development assistance did not have specific assistance policies in favour of the land-locked developing countries, although the latter's geographical disadvantages were generally taken into account in their overall assistance programmes.

730. With respect to the contribution of UNCTAD, he said that, as the focal point in the United Nations system dealing with the particular concerns of these countries, UNCTAD had expanded its technical co-operation programme to assist them in their efforts to reduce transit/transport costs and thereby to benefit more from their external trade. The secretariat was pursuing its technical studies on the problems of land-locked developing countries as part of the technical co-operation programme in different regions and was continuing to collect information concerning their economic situation. On the basis of these studies and information, it was preparing analytical studies on the special economic problems of the land-locked developing countries and formulating recommendations for further action by the international community in their favour.

731. The representatives of Bolivia and Sweden said that the information in the report concerning their countries was not fully accurate or complete and that they would be requesting the secretariat to revise it.

732. The representative of Pakistan stated that his Government had provided information to the secretariat but, owing to the time factor, it had not been possible to include it in the documentation at present before the Board. His country had expressed in all international forums its full appreciation of the need for land-locked developing countries to have freedom of transit to and from the sea, and to that end considered that the transit States concerned should provide all possible transit facilities to their land-locked neighbours. The extension of all possible transit facilities to land-locked developing countries through bilateral negotiations, to be held in a spirit of mutual goodwill and understanding, remained the basis of Pakistan's policy. In that spirit, Pakistan had concluded a bilateral agreement with Afghanistan in 1965, the provisions of which were in some ways more liberal than those contemplated in the 1965 Convention on Transit Trade of Land-locked States. It provided, inter alia, for the granting of national treatment to Afghanistan in matters related to railway freight, as well as to clearing and forwarding agents; high priority for Afghan transit goods in the allocation of railway wagons, despite the very heavy pressure generated by domestic traffic; two routes for transportation of goods, with the possibility of agreement on other routes; adequate storage sheds at Karachi port and points of transshipment; simplification of customs and other procedures for goods in transit; the appointment of liaison officers to ensure the smooth and unhampered movement of transit goods and to solve local problems; exemption of goods in transit from customs duties, taxes or charges of any kind; acceptance of freight and other service charges in local currency; special facilities for quick transportation of Afghan fresh and dry fruit and payment in local currency for use of body-building

and repair facilities by Afghan trucks. Pakistan had always extended full co-operation to Afghanistan and had accommodated the latter's viewpoint in all bilateral negotiations held between the two countries since the signing of the 1965 bilateral agreement.

733. The representative of Nepal said that the land-locked developing countries were more seriously affected by the current economic crisis, particularly because most of their transit neighbours were also developing countries. There was thus need for the international community to intensify its already generous assistance to those countries.

734. The representative of Peru said that, for a number of historical reasons, his country had a special relationship with Bolivia, reflected in a series of bilateral agreements and practices. The secretariat's progress report was informative, though not fully accurate or complete as regards the information concerning his country in paragraph 21 of document TD/B/916.

735. The representative of Kenya expressed surprise that affording facilities to land-locked developing countries should be considered as something special. His country provided transit/transport facilities to Burundi, Rwanda and Uganda, and sometimes even to Sudan, with virtually no conditions attached. It provided customs facilities that ensured that those countries had their own customs-bonded warehouses at no extra cost. Furthermore, land-locked neighbouring countries could use Kenyan roads and railways at national rates, and licence fees for road motor vehicles did not exceed the fees charged to national carriers.

736. The representative of China said that his country sympathized with the problems of the land-locked developing countries and was doing its best to help its transit neighbours. It provided normal maintenance and repair services on its roads and railways, and transit/transport procedures were handled according to relevant regulations. Whenever any difficulties arose, they were resolved amicably on the basis of equality and mutual benefit.

Action by the Board

737. At its 596th meeting, on 14 September 1982, the Board took note of the progress report by the UNCTAD secretariat on implementation of specific action related to the particular needs and problems of land-locked developing countries (TD/B/916 and Corr.1 and Add.1 and Corr.1).

CHAPTER VIII

INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS

(Agenda items 1, 8, 11, 12 and 13)

A. Opening of the session

738. The twenty-fifth regular session of the Trade and Development Board was opened by the outgoing President of the Board, Mr. G. Martínez (Argentina).

B. Election of officers

(Agenda item 1 (a))

739. At its 587th (Opening) meeting, on 6 September 1982, the Board elected its Bureau as follows:

President: Mr. Blankard (Switzerland)

Vice-Presidents: Mr. S. Fellah (Algeria)

Mr. W. Friis-Møller (Denmark)

Mr. R. Hlavatý (Czechoslovakia)

Mr. R. Huslid (Norway)

Mr. A. L. Al Maimani (Saudi Arabia)

U Maung Maung Gyi (Burma)

Mr. C. Meissner (United States of America)

Mr. E. Ponce (Peru)

Mr. G. A. Vargas (Nicaragua)

Mr. G. K. Zhuravlev (Union of Soviet Socialist
Republics)

Rapporteur: Mr. K. Yeboah-Konadu (Ghana)

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

(Agenda item 11 (b))

740. At the 587th meeting, on 6 September, the President announced that no communications had been received since 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. 28/

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

(Agenda item 1(b))

741. At its 587th meeting, on 6 September, the Board adopted as its agenda for the twenty-fifth session the provisional agenda approved by the Board at its twenty-fourth session 29/ (TD/B/910 and Add.1), introducing a number of sub-items into item 9. The agenda as adopted was thus as follows (TD/B/926):

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 interrelationship 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 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:

- (a) Commodity trade;
- (b) Manufactures and semi-manufactures;
- (c) Shipping;
- (d) Development aspects of the reverse transfer of technology;
- (e) Medium-term plan and programme budget.

10. Other matters in the field of trade and development:

- (a) Export promotion: report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its 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) General Assembly resolution 36/117 A of 10 December 1981;
- (g) Review of the calendar of meetings;
- (h) Financial implications of the actions of the Board.

12. Other business.

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

742. Also at its 587th meeting, the Board broadly endorsed the suggestions made by the secretariat for the organization of the work of the session (TD/B/910/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-fifth session (except for Conference resolution 127 (V), which would be considered in plenary)) and agenda item 9 (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 (Trade relations among countries having different economic and social systems and all trade flows resulting therefrom).

743. In connection with agenda item 3, the representatives of Senegal, France, Spain and Saudi Arabia deplored the fact that, except for volume I, containing the introduction and overview, the "Trade and Development Report, 1982" (UNCTAD/TDR/2, vol. I-III) was so far available only in English. It was a basic document and the participation of non-English speaking delegations in discussions at the current session would inevitably be hampered.

744. The Secretary-General of UNCTAD said that he certainly appreciated the feelings expressed concerning the non-availability of two volumes of the report in languages other than English. He observed that the report was not an official document of the session, but had been prepared as a general background document. Volume I of the report, containing the introduction and overview, was available in all the official languages.

745. The representative of Saudi Arabia pointed out that the previous report (Trade and Development Report, 1981) 30/ had been discussed at the twenty-third and twenty-fourth sessions of the Board and, furthermore, the secretariat's annotation to item 3 of the provisional agenda for the current session stated plainly that at its current session the Board would have before it the 1982 report.

Sessional Committee I

746. Sessional Committee I held eight meetings, from 6 to 16 September 1982. At its 1st meeting, Mr. G. Barakat (Jordan) was elected Chairman and Mr. R. Taylor (United Kingdom of Great Britain and Northern Ireland) was elected Vice-Chairman-cum-Rapporteur.

747. At its 2nd meeting, on 7 September, the representative of the Secretary-General of UNCTAD recalled the recent tragic loss of a dedicated colleague, Mr. Harry Stordel, Deputy Director of the Manufactures Division, to whose memory he paid tribute.

748. At its 8th (closing) meeting, on 16 September, the Sessional Committee considered its draft report (TD/B(XXV)/SC.I/L.1 and Add.1-7) and adopted it with a number of amendments.

749. At the 599th meeting of the Board, on 23 September, the Chairman of Sessional Committee I introduced the report of the Sessional Committee (TD/B(XXV)/SC.I/L.1 and Add.1-7, as amended and completed by TD/B/L.641), noting that the Board had acted on the recommendations of the Sessional Committee at its 598th meeting.

750. At the same meeting, the Board adopted the report of Sessional Committee I, for incorporation, as appropriate, in its own report (the substance of the report of the Sessional Committee is incorporated in chaps. II and IV above).

Sessional Committee II

751. Sessional Committee II held seven meetings, from 6 to 16 September 1982. In addition to the deliberations in Sessional Committee II, bilateral consultations were held during the session of the Board between interested countries, in accordance with the relevant decisions of the Conference and the Board. At the closing meeting of the Sessional Committee, the Chairman, on the basis of the information provided by the UNCTAD secretariat, reported on the substantive results achieved during those consultations (cf. Conference resolution 95 (IV), para. 10).

752. At its opening meeting, on 6 September, the Committee elected as its Chairman Mr. A. Marelle (France) and as its Vice-Chairman-cum-Rapporteur Mr. E. Braun (German Democratic Republic).

753. At its closing meeting, on 6 September, the Sessional Committee considered its draft report (TD/B(XXV)/SC.II/L.1 and Add.1) and adopted it with a number of amendments.

754. At the 599th meeting of the Board, on 23 September, the Chairman introduced the report of the Committee (TD/B(XXV)/SC.II/L.1 and Add.1, as amended and completed by TD/B/L.640), noting that the Board had taken action at its 598th meeting in respect of the work of the Sessional Committee (Board resolution 262 (XXV)).

755. At the same meeting, the Board adopted the report of Sessional Committee II for incorporation, as appropriate, in its own report (the substance of the report of the Sessional Committee is incorporated in chap. VI above).

E. Adoption of the report on credentials

(Agenda item 1 (c))

756. At its 598th meeting, on 17 September, the Board adopted the report of the Bureau on credentials (TD/B/929).

F. Membership and attendance 31/

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

Afghanistan	Bulgaria	Cuba
Algeria	Burma	Cyprus
Angola	Burundi	Czechoslovakia
Argentina	Byelorussian Soviet	Democratic People's
Australia	Socialist Republic	Republic of Korea
Austria	Canada	Democratic Yemen
Bangladesh	Central African Republic	Denmark
Barbados	Chad	Dominican Republic
Belgium	Chile	Ecuador
Benin	China	Egypt
Bolivia	Colombia	El Salvador
Brazil	Costa Rica	Ethiopia

Finland	Libyan Arab Jamahiriya	Somalia
France	Liechtenstein	Spain
Gabon	Luxembourg	Sri Lanka
German Democratic Republic	Madagascar	Sudan
Germany, Federal Republic of	Malaysia	Suriname
Ghana	Mali	Sweden
Greece	Malta	Switzerland
Grenada	Mauritania	Syrian Arab Republic
Guatemala	Mauritius	Thailand
Guinea	Mexico	Togo
Guyana	Mongolia	Trinidad and Tobago
Haiti	Morocco	Tunisia
Honduras	Netherlands	Turkey
Hungary	New Zealand	Uganda
India	Nicaragua	Ukrainian Soviet Socialist Republic
Indonesia	Nigeria	Union of Soviet Socialist Republics
Iran, Islamic Republic of	Norway	United Arab Emirates
Iraq	Oman	United Kingdom of Great Britain and Northern Ireland
Ireland	Pakistan	United Republic of Cameroon
Israel	Panama	United Republic of Tanzania
Italy	Papua New Guinea	United States of America
Ivory Coast	Peru	Upper Volta
Jamaica	Philippines	Uruguay
Japan	Poland	Venezuela
Jordan	Portugal	Viet Nam
Kenya	Qatar	Yemen
Kuwait	Republic of Korea	Yugoslavia
Lebanon	Romania	Zaire
Liberia	Saudi Arabia	Zambia
	Senegal	
	Sierra Leone	
	Singapore	

758. The following other States members of UNCTAD were represented at the session: Holy See; Nepal; Sao Tome and Principe.

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

760. 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 General Agreement on Tariffs and Trade was also represented.

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

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

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

General Category:

Christian Democratic World Union
 International Bar Association
 International Chamber of Commerce
 International Confederation of Free Trade Unions
 International Council of Women
 International Law Association
 World Confederation of Labour
 World Federation of Trade Unions
 World Peace Council

Special Category:

Council of European and Japanese National Shipowners' Associations
 International Air Transport Association

763. 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). The South West Africa People's Organization participated pursuant to General Assembly resolution 31/152.

G. Membership of the Working Party on the Medium-term
 Plan and the Programme Budget for 1983

(Agenda item 11 (c))

764. At its 592nd meeting, on 10 September the Board decided that in 1983 the membership of the Working Party on the Medium-term Plan and the Programme Budget would consist of the following 19 States (see annex I below, Other decisions (d)):

Brazil	Malaysia	United Kingdom of
Bulgaria	Mexico	Great Britain and
Chile	Netherlands	Northern Ireland
China	Norway	United Republic
Egypt	Pakistan	of Tanzania
German Democratic Republic	Qatar	United States
Germany, Federal Republic of	Union of Soviet	of America
Japan	Socialist Republics	
Madagascar		

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

(Agenda item 11 (d))

765. At its 589th meeting, on 7 September, the Board approved the applications of the Agency for Culture and Technical Co-operation, the International Natural Rubber Organization and the Arab Federation of Fish Producers for designation under rule 78 of the rules of procedure of the Board and rule 80 of the rules of procedure of the Conference 32/ (see annex I below, Other decisions, (a)).

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

(Agenda item 11 (e))

766. At its 589th meeting, on 7 September, the Board approved the applications by two non-governmental organizations 33/ for designations under rule 79 of the rules of procedure of the Board for the purpose of that rule and rule 81 of the rules of procedure of the Conference and decided, in accordance with the recommendations of the Secretary-General of UNCTAD (TD/B/925) that they should be classified as follows (see annex I below, Other decisions, (b)):

General category

Latin American Association of Pharmaceutical Industries

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

UNCTAD organ

Association of the Sugar Products Industries
of the EEC

Committee on Commodities

767. At the same meeting, the Board noted a change in the name of the following non-governmental organization already designated by the Board:

International Fertilizer Industry Association (formerly International
Phosphate Industry Association)

768. Also at its 589th meeting, the Board was informed that, after consultation with the Government of the member State concerned, and in conformity with the provisions of Board decision 43 (VII), the Secretary-General of UNCTAD had decided to enter in the Register the Center for Economic and Social Studies of the Third World. 34/

J. Election to membership of main Committees

(Agenda item 11 (b))

769. At its 587th meeting, on 6 September, the Board confirmed the membership of its main committees as listed in its report on the first part of its twenty-fourth session, 35/ and declared Benin elected to the Committee on Shipping. 36/

K. Arrangements for the review and appraisal of the implementation of the International Development Strategy for the Third United Nations Development Decade

(Agenda item 8) 37/

Action by the Board

770. At its 589th meeting, on 7 September, the Board noted that the first review and appraisal of the International Development Strategy for the Third United Nations Development Decade would be carried out by the General Assembly in 1984 and that the provisional agenda for the thirty-seventh session of the General Assembly contained an item entitled "International Development Strategy for the Third United Nations Development Decade". The Board accordingly decided to defer until its twenty-sixth session consideration of the procedures and methods which the Board would follow with respect to its review and appraisal of the implementation of the International Development Strategy (see annex I below, Other decisions (c)).

L. Review of the calendar of meetings

(Agenda item 11 (g))

771. At the 598th meeting, on 17 September, the representative of the Secretary-General of UNCTAD introduced two notes by the UNCTAD secretariat (TD/B/L.631 and TD/B(XXV)/CRP.6), containing a draft calendar of meetings for the remainder of 1982 and for 1983, and tentative schedules for 1984 and 1985, and made a number of oral amendments thereto.

772. At the same meeting, the President referred to his consultations on ECDC and to the question of meetings of the Working Party on the Medium-term Plan and the Programme Budget that had been remitted to the plenary by Sessional Committee I, and the understandings reached in the President's Contact Group (see paras. 348 and 599 above). He introduced a draft decision that he had submitted (TD/B/L.643), under which the Board would decide to hold a second part of its twenty-fifth session on 19-22 October 1982 to resume consideration of item 2 (with respect to Conference resolution 127 (V)), item 11 (g) (Review of the calendar of meetings) and item 12 (Other business).

773. The representative of the Secretary-General of UNCTAD made a statement of the financial implications of the draft decision.

774. Also at the same meeting, the spokesman for the Group of 77 introduced a draft decision (TD/B/L.638) concerning meetings in 1983 of the Working Party on the Medium-term Plan and the Programme Budget, submitted by his delegation on behalf of States members of that Group.

775. The representative of Saudi Arabia said he would have very great difficulty in agreeing to the calendar of meetings proposed by the secretariat, owing to its non-availability in Arabic. That was a most regrettable situation. In a spirit of compromise, however, and in order not to hold up the work of the Board, he could agree exceptionally to approving the calendar for 1982 on the understanding that his approval would not constitute a precedent for the work of the Board in the future.

Action by the Board

776. At the same meeting, the Board, having noted the financial implications thereof (see annex III below), approved the revised calendar of meetings for the remainder of 1982 (see annex I below, decision 263 (XXV)).

777. The Board also adopted the draft decision submitted by the President under which the Board would hold a second part of its twenty-fifth session from 19 to 22 October (see annex I, Other decisions, (f)). It decided to remit the draft resolution submitted on behalf of the States members of the Group of 77 (TD/B/L.638) to the second part of its twenty-fifth session for further consideration, when it would consider further the calendar of meetings for 1983 and tentative schedules for 1984 and 1985 (see annex I below, Other decisions, (f)).

M. 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

(Agenda item 1 (d))

778. The Board had before it a note by the UNCTAD secretariat (TD/B/L.635), to which were annexed a draft provisional agenda for the twenty-sixth regular session and a draft provisional agenda for the twelfth special session.

Action by the Board

779. At its 598th meeting, on 17 September, the Board approved the provisional agendas for the twenty-sixth regular session and twelfth special session proposed by the UNCTAD secretariat and authorized the President, in consultation with the Secretary-General of UNCTAD, to adjust the provisional agendas, as necessary, in the light of developments and requested the Secretary-General of UNCTAD to consult with delegations on the organization of the work of the sessions and to circulate his suggestions thereon.

780. The representative of the United States of America stated that, while his delegation was pleased to join in the consensus on the provisional agendas, its doing so was without prejudice to its well-known position with regard to the provisional agenda for the sixth session of UNCTAD which was appended to the provisional agenda for the twelfth special session.

N. General Assembly resolution 36/117 A of 10 December 1981

(Agenda item 11 (f))

781. At its twenty-fourth session, 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, that its reports should be as brief as possible and not exceed the desired limit of 32 pages, and to provide guidelines to its Rapporteur to that end. 38/

782. For its consideration of this sub-item, the Board had before it a note on the format and contents of the annual report of the Board to the General Assembly (TD/B/L.627), which was introduced at the 590th meeting of the Board on 8 September by the Director of the Division for Programme Support Services, who outlined the two possible options presented by the secretariat in that note.

783. The spokesman for the Group of 77 expressed his Group's preference for the second of the two options, that is, to maintain the full report of the Board on each of its sessions but to prepare a shorter report for the General Assembly with a view to meeting the concerns expressed in General Assembly resolution 36/117. The Group of 77 felt, however, that specific guidelines should be laid down for the preparation of the shorter report. It should be made clear, for example, who would be responsible for its preparation, what its contents would be and whether or not it would need to be approved by the Board. He also considered that the shorter report should contain a reference to the full report on the session in question.

784. The spokesman for Group B said that his Group's first reaction had been to favour the first of the two options presented by the UNCTAD secretariat, but that it would be willing to accept the second option if that was preferred by the other regional groups. He agreed that it would be necessary to lay down specific guidelines for the preparation of the shorter report and stated that it would be useful to have a draft decision in written form for consideration by the regional groups.

785. The spokesman for Group D said that his Group, too, was inclined to favour the second option, but shared the concerns of other groups about the contents of the shorter report to the General Assembly, which was still the responsibility of the Board itself. He suggested that it would be useful if the secretariat could prepare draft guidelines indicating the type of material that would be included in the shorter report.

786. The President noted that a consensus appeared to be emerging in favour of the second option and requested the secretariat to prepare draft guidelines for the preparation of the reports of the Board to the General Assembly in order to assist the Board in its further consideration of this sub-item.

787. During the session, in response to a request by the President of the Board at the 590th meeting, on 8 September, the secretariat submitted a note (TD/B(XXV)/CRP.5) to which was annexed draft guidelines for the preparation of the Board's report, taking into account the progress of informal consultations.

788. On the basis of the secretariat's note, and his further informal consultations, the President submitted a draft decision (TD/B/L.637) on the preparation of the annual report of the Trade and Development Board to the General Assembly.

Action by the Board

789. At its 598th meeting, on 17 September, the Board adopted the draft decision submitted by the President (for the text, see annex I below, decision 259 (XXV)).

O. Financial implications of the actions of the Board

(Agenda item 11 (h))

790. In connection with its decision to hold a second part of its twenty-fifth session and with its endorsement of resolution 1 (I) of the Intergovernmental Preparatory Group on Conditions for Registration of Ships (see paras. 553 and 777 above), the UNCTAD secretariat submitted, under rule 31 of the rules of procedure, statements concerning the financial implications of the actions proposed (the statements of financial implications relating to the actions of the Board are reproduced in annex III below).

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

(Agenda item 13)

791. At its 599th meeting, on 23 September, the Board adopted the draft report on the first part of its twenty-fifth session (TD/B/L.636 and Add.1-10) and authorized the Rapporteur to complete the report as appropriate and to make any necessary editorial changes.

Q. Adjournment of the session

792. At the 599th meeting, on 23 September, the President declared adjourned the twenty-fifth session of the Trade and Development Board, until 19 October 1982, when it would resume consideration of agenda items 2, 11 (g) and 12 (see paras. 349 and 777 above).

Notes

1/ The full text of the statement by the Secretary-General of UNCTAD was subsequently circulated (see TD/B(XXV)/Misc.3), pursuant to a decision by the Board at its 588th meeting, on 7 September 1982, the Board having taken note of the financial implications thereof.

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

3/ Volumes II and III were distributed in English only. The entire report is to be issued as a United Nations publication (UNCTAD/TDR/2/Rev.1), Sales No. E.82.II.D.12.

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

5/ United Nations publication, Sales No. E.82.II.C.1.

6/ New York: Oxford University Press (for the World Bank), 1982.

7/ M. Goldstein and M. S. Kahn, Effects of slow-down in industrial countries on growth in non-oil-developing countries (Occasional Paper No. 12), Washington, D.C., August 1982, p. 36.

8/ A. Olechowski and A. Yeats "The Influence of Non-Tariff Barriers on Exports from Socialist Countries of Eastern Europe" (Discussion Paper No. 6).

9/ Protectionism: Threat to International Order. The Impact on Developing Countries. Report by a Group of Experts (London: Commonwealth Secretariat), 1982.

10/ For the text see Official Records of the General Assembly, Thirty-sixth Session, Supplement No. 15 (A/36/15 and Corr.1), part three, annex II, A.

11/ Ibid., annex III.

12/ The Sessional Committee, having taken note of the financial implications, decided that the full text of this statement should be circulated (TD/B(XXV)/SC.I/Misc.1).

13/ Official Records of the Trade and Development Board, Twenty-fifth Session, Supplement No. 2 (TD/B/894-TD/B/C.1/231), provisionally circulated as TD/B/C.1(S-I)/Misc.4.

14/ See Official Records of the General Assembly, Thirty-seventh Session, Supplement No. 15 (A/37/15), vol. I, part one, para. 287.

15/ "Considerations of the socialist countries on the implementation of the Integrated Programme for Commodities" (TD/259 and Corr.1) and "Role of transnational corporations in the commodity trade of developing countries" (TD/261). For the printed texts see Proceedings of the United Nations Conference on Trade and Development, Fifth Session, vol. I, Report and Annexes (United Nations publication, Sales No. E.79.II.D.14), annex VII, sect. C.

16/ UNCTAD/TDR/2, to be issued as a United Nations publication (UNCTAD/TDR/2/Rev.1), Sales No. E.82.II.D.12.

17/ See Official Records of the General Assembly, Thirty-seventh Session, Supplement No. 15 (A/37/15), vol. I, part one, para. 287.

18/ Official Records of the Trade and Development Board, Twenty-fifth Session, Supplement No. 3 (TD/B/906-TD/B/C.5/85), provisionally circulated as TD/B/C.5(XI)/Misc.2.

19/ The statement by the Director is included in extenso in the present report by decision of the Sessional Committee, whose report was adopted by the Board at its 599th meeting (see paras. 511 and 750 below).

20/ See Official Records of the General Assembly, Thirty-seventh Session, Supplement No. 15 (A/37/15), vol. I, part one, annex I, Other decisions (h).

21/ Ibid., Thirty-sixth Session, Supplement No. 15 (A/36/15 and Corr.1), part three, para. 406.

22/ The Board's attention was drawn to the related statement of financial implications provided to the Committee on Shipping in connection with that Committee's resolution 43 (S-III). Relevant portions of the statement are reproduced in annex III below.

23/ Official Records of the Trade and Development Board, Twenty-fifth Session, Supplement No. 4 (TD/B/921-TD/B/C.4/254), provisionally circulated as TD/B/C.4(X)/Misc.4.

24/ The financial implications of decision 47 (X) and resolutions 48 (X) and 49 (X) of the Committee are set out in annex II of the report of the Committee on Shipping on its tenth session, where it is indicated that the meetings decided upon by the Committee can be accommodated within the provision in the calendar of meetings for working parties, study groups and expert groups. (See Official Records of the Trade and Development Board, Twenty-fifth Session, Supplement No. 4 (TD/B/921-TD/B/C.4/254).)

25/ The report of the Working Party was subsequently issued as TD/B/WP(VI)/Misc.2 and will subsequently be issued in printed form as Official Records of the Trade and Development Board, Twenty-fifth Session, Supplement No. 5 (TD/B/928-TD/B/WP/24).

26/ For the printed text, see Official Records of the General Assembly, Thirty-seventh Session, Supplement No. 17 (A/37/17 and Corr.1).

27/ A/36/356, annex. For the printed text, see The Relationship between Disarmament and Development (Disarmament Study Series No. 5), United Nations publication, Sales No. E.82.IX.1.

28/ 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 and Corr.1), part three, annex VI.

29/ Ibid., annex V.

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

31/ For the list of participants in the session see TD/B/INF.118.

32/ The applications by these intergovernmental bodies, together with information on their history, aims and structure, are contained in documents TD/B/R.29, TD/B/R.30 and TD/B/R.31 (derestricted).

33/ The applications by these non-governmental organizations, together with information on their history, structure and functioning, are contained in documents TD/B/R.28/Add.1 and Add.2 (derestricted).

34/ Background information on this organization is contained in document TD/B/L.633.

35/ Official Records of the General Assembly, Thirty-seventh Session, Supplement No. 15 (A/37/15), vol. I, part one, annex VI.

36/ For the complete list of States members of the main Committees at the close of the first part of the twenty-fifth session, see annex VI below.

37/ Paragraph 175 of the Strategy (General Assembly resolution 35/56, annex), states that "At the sectoral level, the relevant specialized agencies, organs and organizations of the United Nations will contribute from the experience of their respective sectors to the process of review and appraisal at both the global and regional levels".

38/ Official Records of the General Assembly, Thirty-seventh Session, Supplement No. 15 (A/37/15), vol. I, part one, annex I, Other decisions, (g).

ANNEX I

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

Page

RESOLUTION

262	(XXV).	Trade relations among countries having different economic and social systems and all trade flows resulting therefrom	168
-----	--------	--	-----

DECISIONS

258	(XXV).	Organization of the sixth session of the United Nations Conference on Trade and Development	168
259	(XXV).	Preparation of the annual report of the Trade and Development Board to the General Assembly	170
260	(XXV).	Multilateral trade negotiations	172
261	(XXV).	Trade and trade-related aspects of industrial collaboration arrangements	173
263	(XXV).	Review of the calendar of meetings	173

OTHER DECISIONS TAKEN BY THE BOARD AT THE FIRST PART OF ITS TWENTY-FIFTH SESSION

(a)	Designation of intergovernmental bodies for the purposes of rule 78 of the rules of procedure of the Board	175
(b)	Designation and classification of non-governmental organizations for the purposes of rule 79 of the rules of procedure of the Board	175
(c)	Arrangements for the review and appraisal of the implementation of the International Development Strategy for the Third United Nations Development Decade	175
(d)	Membership of the Working Party on the Medium-term Plan and the Programme Budget for 1983	175
(e)	World inflation and the development process	176
(f)	Convening of a second part of the twenty-fifth session of the Board	176
Other action taken by the Board		176

RESOLUTION

262 (XXV). Trade relations among countries having different economic and social systems and all trade flows resulting therefrom

The Trade and Development Board,

Recognizing once again the great importance of trade and economic co-operation among countries having different economic and social systems and all trade flows resulting therefrom,

Reaffirming resolutions 15 (II) of 25 March 1968, 53 (III) of 19 May 1972 and 95 (IV) of 31 May 1976 of the United Nations Conference on Trade and Development and Trade and Development Board resolution 243 (XXIII) of 9 October 1981,

Taking note of the efforts made at its twenty-fifth session to reach agreement on the basis of the informal text annexed to Board resolution 243 (XXIII) on trade relations among countries having different economic and social systems and all trade flows resulting therefrom and bearing in mind that these efforts have not resulted in an agreement on the informal text,

Decides to remit the informal text to the Conference at its sixth session.

598th meeting
17 September 1982

DECISIONS

258 (XXV). Organization of the sixth session of the United Nations Conference on Trade and Development

The Trade and Development Board,

Decides to approve the arrangements for the organization of the sixth session of the Conference as set out below, and to commend them to the attention of the pre-Conference meeting of senior officials and of the Conference itself, subject to such further decisions as might be taken by the Board at its twelfth special session:

(a) The sixth session of the Conference will be held at Belgrade, Yugoslavia, from 6 to 30 June 1983;

(b) A pre-Conference meeting of senior officials, open to all members of UNCTAD, will be held on 2 and 3 June 1983, also at Belgrade, to settle as many as possible of the organizational, administrative and procedural matters of the Conference itself; in particular, the pre-Conference meeting would endeavour to reach agreement on an equitable geographical distribution of posts for the officers of the Conference and its sessional bodies;

(c) The Credentials Committee to be established under rule 14 of the rules of procedure of the Conference would be composed of the same nine States as will be members of the Credentials Committee of the General Assembly at its thirty-seventh session;

(d) The Conference would, under rule 62 of its rules of procedure, establish four main committees, open to the participation of all members of the Conference, to consider and report on items 9, 10, 11 and 13, respectively, of the provisional agenda. Items 1 to 8, item 12 and items 14 and 15 would be dealt with in plenary, on the understanding that the Conference may also establish such other sessional bodies as it deems necessary for the performance of its functions. Each main committee may, under rule 63 of the rules of procedure, set up such sub-committees and working parties as may be required;

(e) In accordance with rule 65 of the rules of procedure, each main committee established by the Conference would elect a chairman, a vice-chairman and a rapporteur, and other sessional bodies would elect their own officers as required. In electing officers, due account would be taken of the need to ensure an equitable geographical distribution of posts;

(f) In order to expedite the proceedings, the chairmen of the main committees established by the Conference would be elected at the same time as the Vice-Presidents and the Rapporteur of the Conference;

(g) In accordance with rule 22 of the rules of procedure, the Bureau of the Conference will consist of 35 members, comprising the President and Vice-Presidents of the Conference, the chairman of the main committees and the Rapporteur of the Conference. The Conference would need, therefore, to elect 29 Vice-Presidents. The composition of the Bureau would follow the same geographical distribution as that of the Bureau of the fifth session of the Conference (namely, seven members from Africa, seven from Asia, seven from Latin America, nine from Group B, four from Group D and one from China), with the understanding that the President of the Conference will be the head of the host country's delegation;

(h) The chairmen of other sessional bodies, together with the co-ordinators of regional groups, would be fully associated with the work of the Bureau of the Conference;

(i) The total meetings facilities would be distributed as required among the plenary, the main committees and other sessional bodies, it being understood that a maximum of five meetings with full interpretation can be held simultaneously;

(j) At the beginning of the proceedings, the Conference would adopt a timetable to which it should adhere as strictly as possible in order to utilize fully the available resources and facilities; this timetable would make adequate allowance for meetings of regional groups;

(k) Governments would, in so far as possible, designate as heads of delegation persons of ministerial or equivalent rank, and a schedule for their participation would be established at the twelfth special session of the Board, so that their presence could be used to best advantage;

(l) Pursuant to rule 39 of the rules of procedure and to guidelines approved by the General Assembly, the Conference would decide that a time-limit of

15 minutes for interventions by representatives of States and of 10 minutes for statements by other participants should normally be observed during the general debate;

(m) The reports of the Board to the General Assembly on its nineteenth, twentieth, twenty-first, twenty-second, twenty-third, twenty-fourth, twenty-fifth and twenty-sixth sessions and on its eleventh and twelfth special sessions would be deemed to constitute the report of the Board to the Conference at its sixth session;

(n) The Conference would decide to retain summary records for its plenary meetings but to dispense with them for its main committees at its sixth session. Facilities would be made available at the Conference site for reproducing and distributing statements made in the general debate in the form and language(s) in which they are received by the secretariat;

(o) In the preparation of the draft report the Rapporteur of the Conference would be assisted by a group of "Friends of the Rapporteur", the composition of which would follow the same geographical distribution as that of the similar group at the fifth session of the Conference (two members from Africa, two from Asia, two from Latin America, two from Group B, two from Group D and one from China);

(p) The format of the report of the Conference on its sixth session would follow that of the reports on its fourth and fifth sessions, and would thus consist of three parts. Part one would relate to the action taken by the Conference (resolutions, decisions, etc.); part two would contain a procedural account of the treatment of each item, together with summaries of statements made by delegations or groups of delegations in connection with the adoption of the resolutions or decisions; and part three would contain a succinct account of organizational and related matters. There would also be the customary annexes.

598th meeting
17 September 1982

259. (XXV). Preparation of the annual report of the Trade and Development Board to the General Assembly

The Trade and Development Board

Decides that, from 1983, for an experimental period of two years, the annual report of the Trade and Development Board to the General Assembly shall be constituted by the reports prepared on each of its sessions, as set out in the guidelines annexed hereto.

598th meeting
17 September 1982

Annex

GUIDELINES FOR THE PREPARATION OF THE REPORTS OF THE TRADE AND DEVELOPMENT BOARD TO THE GENERAL ASSEMBLY

The annual report of the Trade and Development Board to the General Assembly shall be constituted by the reports prepared on each of its sessions as set out below:

A. Preparation of the report

1. The report of the Board to the General Assembly on each of its sessions shall be prepared, under the authority of the President of the Board, by the Rapporteur of the Board, who shall also be responsible for the finalization of the full version of the report, to be issued as part of the Official Records of the Trade and Development Board.
2. At the close of each session, or part of a session, the Board shall indicate which elements of the full version of the report should constitute the report to the General Assembly and authorize the President of the Board and the Rapporteur of that session to prepare the corresponding report to the General Assembly.

B. Content of the report

3. The report on each session shall consist of an introduction, a main part containing the resolutions and decisions of the Board, a second part (if required) containing additional material which the Board specifically decides to transmit to the General Assembly, and relevant annexes.

4. The content of each of these elements shall be as follows:

(a) Introduction

The introduction shall be purely factual in nature and consist of the following elements:

- (i) Dates of the session;
- (ii) Officers of the session;
- (iii) Attendance at the session;
- (iv) A listing of the Board resolutions and decisions requiring the attention of, or action by, the General Assembly;
- (v) A reference to the full version of the corresponding report.

(b) Part I

Part I shall contain the texts of all resolutions and decisions adopted by the Board, together with texts relating to other actions taken by the Board. In each

case, a footnote would indicate whether the resolution or decision had been adopted without dissent or by vote, with the results of the voting and details of any roll-call held. The footnote would also indicate whether any statements had been made in connection with the adoption of the resolution or decision and list the States having made such statements, with an appropriate reference to the relevant section of the full report.

(c) Part II (if required)

The report shall contain a part II only if the Board decides to transmit additional material to the General Assembly for its consideration. The inclusion of any material in this part shall in each case be the subject of a specific decision by the Board, and the material in question would reproduce the relevant paragraphs as they would appear in the full report.

(d) Annexes

The report shall normally contain two annexes, one reproducing the agenda of the session, and the other reproducing the statements of financial implications provided to the Board in connection with its decisions, as they would appear in the full report. If the Board decides to transmit any texts, such as draft resolutions, to the General Assembly, these shall be reproduced in a third annex.

260 (XXV). Multilateral trade negotiations

The Trade and Development Board

1. Welcomes the discussion which took place, under item 2 of the agenda of its twenty-fifth 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-sixth 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/ twenty-fourth d/ and twenty-fifth sessions, and the views expressed during the discussions on this matter at its twenty-fifth session;

4. Requests the Secretary-General of UNCTAD to assist the deliberation of this item at the twenty-sixth session of the Trade and Development Board.

598th meeting
17 September 1982

261 (XXV). Trade and trade-related aspects of industrial collaboration arrangements

The Trade and Development Board,

Noting the conclusions of the Industrial Development Board at its sixteenth session, e/

1. Decides that the work of the Ad Hoc UNCTAD/UNIDO Group of Experts on Trade and Trade-related Aspects of Industrial Collaboration Arrangements is completed;

2. Further decides that the report of the Group of Experts on its second session shall be examined by the Committee on Manufactures at its tenth session, f/ together with the study on the subject being undertaken by the UNCTAD secretariat. g/

598th meeting
17 September 1982

263 (XXV). Review of the calendar of meetings

The Trade and Development Board

Approves the calendar of meetings for the remainder of 1982 annexed to the present decision.

598th meeting
17 September 1982

Annex

CALENDAR OF MEETINGS FOR THE REMAINDER OF 1982

Date

Interim Committee of the United Nations Conference on an International Code of Conduct on the Transfer of Technology, third session	20 September-1 October
United Nations Conference on Jute and Jute Products, 1981, third part	20 September-1 October
Meeting of Experts from Tea-exporting Countries on Minimum Export Standards	11-15 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
Trade and Development Board, twenty-fifth session, second part	19-22 October
Meeting of Governmental Experts on the Transfer, Application and Development of Technology in the Energy Sector (Board resolution 241 (XXIII))	25 October-2 November
Committee on Tungsten, fourteenth session	25-29 October
Group of Government Experts on Bananas	1-5 November
Preparatory Meeting on Bauxite	8-12 November
Intergovernmental Preparatory Group on Conditions for Registration of Ships, second session	8-26 November
Preparatory Commission for the Common Fund for Commodities, fourth session	15-26 November
Meeting on Tropical Timber	29 November-3 December
Committee on Transfer of Technology, fourth session	29 November-10 December
Intergovernmental Group of Experts on Tea, fourth session	6-10 December
Intergovernmental Group of Experts on Manganese	13-17 December
Committee on Invisibles and Financing related to Trade, tenth session, first part (invisibles; insurance)	13-17 December

OTHER DECISIONS TAKEN BY THE BOARD AT THE
FIRST PART OF ITS TWENTY-FIFTH SESSION

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

At its 589th meeting, on 7 September 1982, the Board decided that the following bodies which had applied for designation under rule 78 of the rules of procedure of the Board and rule 80 of the rules of procedure of the Conference should be so designated:

Agency for Cultural and Technical Co-operation
International Natural Rubber Organization
Arab Federation of Fish Producers

(b) Designation and classification of non-governmental organizations for the purposes of rule 79 of the rules of procedure of the Board i/

At its 589th meeting, on 7 September, the Board approved the applications of the following non-governmental organizations for designation under rule 79 of the rules of procedure of the Board for the purpose of that rule and rule 81 of the rules of procedure of the Conference and decided that they should be classified as follows:

General category

Latin American Association of Pharmaceutical Industries

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

Association of the Sugar Products Industries
of the European Economic Community

UNCTAD organ

Committee on Commodities

(c) Arrangements for the review and appraisal of the implementation of the International Development Strategy for the Third United Nations Development Decade j/

At its 589th meeting, on 7 September, the Board noted that the first review and appraisal of the International Development Strategy for the Third United Nations Development Decade would be carried out by the General Assembly in 1984 and that the provisional agenda for the thirty-seventh session of the General Assembly contained an item entitled "International Development Strategy for the Third United Nations Development Decade". The Board accordingly decided to defer until its twenty-sixth session consideration of the procedures and methods which the Board would follow with respect to its review and appraisal of the implementation of the International Development Strategy.

(d) Membership of the Working Party on the Medium-term Plan and the Programme Budget for 1983 k/

At its 592nd meeting, on 10 September, the Board decided that in 1983 the membership of the Working Party on the Medium-term Plan and the Programme Budget would consist of the following 19 States:

Bulgaria
Brazil
Chile
China
Egypt
German Democratic Republic
Germany, Federal Republic of
Japan
Madagascar
Malaysia

Mexico
Netherlands
Norway
Pakistan
Qatar
Union of Soviet Socialist Republics
United Kingdom of Great Britain and
Northern Ireland
United Republic of Tanzania
United States of America

(e) World inflation and the development process l/

At its 597th meeting, on 15 September, the Board decided that the comments made on the report by the Secretary-General of UNCTAD entitled "World inflation and the development process" m/ should be incorporated in its report and transmitted to the General Assembly.

(f) Convening of a second part of the twenty-fifth session of the Board n/

At its 598th meeting, on 17 September, the Board decided that it would hold a second part of its twenty-fifth session, from 19 to 22 October 1982, to resume, under agenda item 2, consideration of the question of activities on economic co-operation among developing countries in UNCTAD (Conference resolution 127 (V) of 3 June 1979), and also to resume consideration of agenda items 11 (g) (review of the calendar of meetings) and 12 (other business).

Other action taken by the Board

1. At its 588th meeting, on 7 September, the Board:

(a) Took note of the report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its fifteenth session, o/ as well as of the comments made thereon; p/

(b) Took note of the report of the United Nations Commission on International Trade Law on its fifteenth session; q/

2. At its 596th meeting, on 14 September, the Board:

(a) 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-sixth session for further consideration and appropriate action; r/

(b) Took note of the progress report by the UNCTAD secretariat s/ on implementation of specific action related to the particular needs and problems of land-locked developing countries. t/

3. At its 598th meeting, on 17 September, the Board:

(a) Decided to consider at the second part of its twenty-fifth session draft resolution TD/B/L.639 and invited the Secretary-General of UNCTAD to present to the Board at the second part of the session the financial and other implications that

might arise from the provision of additional resources for the work programme of UNCTAD in the area of a global system of trade preferences among developing countries (sect. B of the draft resolution); u/

(b) Took note of the oral report by the Deputy Secretary-General of UNCTAD made pursuant to its resolutions 238 (XXIII of 9 October 1981), paragraph 5, and 239 (XXIII) of 9 October 1981, paragraph 2; v/

(c) Decided to remit to its twenty-sixth session consideration of draft resolution TD/L.195 on transnational corporations and international commodity trade; w/

(d) Took note of the report of the Committee on Commodities on its first special session x/ having noted the statement made by the representative of the Secretary-General of UNCTAD on the agreed conclusions of the Committee which the Board had endorsed at its twenty-fourth session; y/

(e) Took note of the report of the Special Committee on Preferences on its eleventh session; z/

(f) Took note of the report of the Committee on Shipping on its tenth session and of the resolutions and decisions annexed to the report; aa/

(g) Took note of the report of the Intergovernmental Preparatory Group on Conditions for Registration of Ships on its first session, bb/ endorsed resolution 1 (I) adopted by the Group and in so doing recommended to the General Assembly that it make provision for the convening in 1983 of a plenipotentiary conference on the conditions of registration of vessels; cc/

(h) Took note of the oral progress report by the Chairman of the Intergovernmental Group of Experts on the Feasibility of Measuring Human Resource Flows and further noted that the report of the Intergovernmental Group of Experts dd/ would be considered fully by the Committee on Transfer of Technology at its fourth session; ee/

(i) Took note of the report of the Working Party on the Medium-term Plan and the Programme Budget on its sixth session ff/ and endorsed the recommendations adopted by the Working Party and the provisional agenda recommended for its seventh session; gg/

(j) Decided to consider further, at the second part of its twenty-fifth session (see para. 3 (a) above), the calendar of meetings for 1983 and tentative schedules for 1984 and 1985, together with draft decision TD/B/L.638 on meetings in 1983 of the Working Party on the Medium-term Plan and the Programme Budget; hh/

(k) Approved the provisional agendas for the twenty-sixth regular session and the twelfth special session and authorized the President, in consultation with the Secretary-General of UNCTAD, to adjust the provisional agendas, as necessary, in the light of developments, and requested the Secretary-General of UNCTAD to consult with delegations on the organization of the work of the sessions and to circulate his suggestions thereon. ii/

Notes

- a/ TD/B (XXV) /SC.I/Misc.1.
- b/ For the text, see the report of the Trade and Development Board on its twenty-second and twenty-third session (Official Records of the General Assembly, Thirty-sixth session, Supplement No. 15 (A/36/15 and Corr.1), part three, annex II, A).
- c/ Ibid., annex III.
- d/ TD/B (XXIV) /SC.I/Misc.1.
- e/ Official Records of the General Assembly, Thirty-seventh session, Supplement No. 16 (A/37/16), para. 118.
- f/ TD/B/862, reproduced in Official Records of the Trade and Development Board, Twenty-third Session, Annexes, agenda item 9 (a).
- g/ To be issued as UNCTAD document TD/B/C.2/212.
- h/ See part one above, para. 765.
- i/ Ibid., para. 766.
- j/ Ibid., para. 770.
- k/ Ibid., para. 764.
- l/ Ibid., para. 302.
- m/ TD/B/914 and Corr.1, reproduced in Official Records of the Trade and Development Board, Twenty-fifth Session, Annexes, agenda item 4.
- n/ See part one above, paras. 349 and 777.
- o/ ITC/AG(XV)/81: a note by the UNCTAD secretariat drawing attention to the report was issued as document TD/B/911.
- p/ See part one above, paras. 697 and 712.
- q/ Official Records of the General Assembly, Thirty-seventh Session, Supplement No. 17, (A/37/17 and Corr.1). See part one above, paras. 713 and 714.
- r/ See part one above, para. 301.
- s/ TD/B/916 and Corr.1 and Add.1 and Corr.1.
- t/ See part one above, para. 737.
- u/ Ibid., para. 349.
- v/ Ibid., para. 341.

w/ Ibid., para. 451.

x/ Official Records of the Trade and Development Board, Twenty-fifth Session, Supplement No. 2 (TD/B/894).

y/ See part one above, paras. 466 and 493.

s/ Official Records of the Trade and Development Board, Twenty-fifth Session, Supplement No. 3 (TD/B/906). See part one above, paras. 494 and 531.

aa/ Ibid., Supplement No. 4 (TD/B/921). See part one above, paras. 556 and 564.

bb/ TD/B/904, reproduced in Official Records of the Trade and Development Board, Twenty-fifth Session, Annexes, agenda item 9 (c).

cc/ See part one above, paras. 545 and 553.

dd/ TD/B/C.6/89.

ee/ See part one above, para. 580.

ff/ Official Records of the Trade and Development Board, Twenty-fifth Session, Supplement No. 5 (TD/B/928).

gg/ See part one above, paras. 581 and 601.

hh/ Ibid., para. 777.

ii/ Ibid., para. 779.

ANNEX II

Texts remitted for further consideration

A. DRAFT RESOLUTIONS REMITTED FOR FURTHER CONSIDERATION
BY THE BOARD AT ITS TWENTY-SIXTH 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]

B. INFORMAL TEXT OF A DRAFT RESOLUTION REMITTED TO THE
CONFERENCE AT ITS SIXTH SESSION

Trade relations among countries having different economic and
social systems and all trade flows resulting therefrom

Informal text resulting from discussions held in Sessional
Committee II during the twenty-third session of the
Trade and Development Board e/

Notes

a/ See annex I, decision 260 (XXV), 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 and Corr.1), part three, annex II.

b/ See part one above, para. 301. 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 part one above, para. 451. 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.

e/ See annex I, resolution 262 (XXV). The informal text is contained in the annex to Board resolution 243 (XXIII). See 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 and Corr.1), part three, annex I.

ANNEX III

Financial implications of the actions of the Board

A. Second part of the twenty-fifth session of the Board a/

Under draft decision TD/B/L.643, the Board would hold a second part of its twenty-fifth regular session in October for a period of four days. The financial implications of holding this four-day resumed session are estimated to be approximately \$140,000, based on two six-language teams of interpreters, four conference rooms, and 60 pages of documentation.

B. Convening of a plenipotentiary conference on the conditions for registration of vessels b/

1. In resolution 43 (S-III) the Committee on Shipping recommends that the Trade and Development Board convene during the first half of 1982 an intergovernmental preparatory group on the question of open-registry fleets and that the Board invite, upon completion of the work of the intergovernmental group, the General Assembly to convene a conference of plenipotentiaries.

...

3. The financial implications of a conference of plenipotentiaries are estimated to be \$244,000, based on the following assumptions: the conference would be convened at Geneva for a period of two weeks, would be serviced in six languages, requiring two teams and a caucus team of interpreters, would require four conference rooms, and would be provided with a total of 150 pages of documentation.

Notes

a/ See part one above, paras. 776-777.

b/ Relevant extracts from annex IV, sect. B, of 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 and Corr.1), part three). On completion of its work, the intergovernmental preparatory group recommended to the Board that it recommend to the General Assembly to convene a plenipotentiary conference in 1983. The Board endorsed this recommendation (see para. 553 above).

ANNEX IV

Provisional agenda for the twenty-sixth session of the Board a/

1. Procedural matters:

- (a) Election of officers;
- (b) Adoption of the agenda and organization of work of the session;
- (c) Adoption of the report on credentials;
- (d) Provisional agenda for the twenty-seventh regular session of the Board.

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-sixth session.

3. Review of arrangements concerning debt problems of developing countries pursuant to Board resolution 222 (XXI), paragraph 15.

4. Protectionism and structural adjustment.

5. Arrangements for the review and appraisal of the implementation of the International Development Strategy for the Third United Nations Development Decade.

6. Matters requiring action by the board arising from or related to reports and activities of its subsidiary and other bodies.

7. Other matters in the field of trade and development:

Technical co-operation among developing countries.

8. Institutional, organizational, administrative and related matters:

- (a) Treatment of new States members of UNCTAD for purposes of elections;
- (b) Announcement of any changes in the membership of the Board and election to membership of main Committees;
- (c) Designation of intergovernmental bodies for the purposes of rule 78 of the rules of procedure;
- (d) Designation and classification of non-governmental organizations for the purposes of rule 79 of the rules of procedure;
- (e) Review of the calendar of meetings;
- (f) Financial implications of the actions of the Board.

9. Other business.

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

Notes

a/ As approved by the Board at its 598th meeting, on 17 September 1982
(see part one above, para. 779).

ANNEX V

Provisional agenda for the twelfth special session of the Board a/

1. Procedural matters:

- (a) Adoption of the agenda and organization of the work of the session;
- (b) Adoption of the report on credentials.

2. Consideration of proposals to be submitted to the Conference at its sixth session: b/

"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 areas of:

- (a) Stabilizing and strengthening commodity markets;
- (b) Marketing, processing and distribution, including transportation;
- (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 relations 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 field 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."
3. Matters remitted by the Board at its twenty-third [twenty-fifth] and twenty-sixth sessions for consideration by the Conference at its sixth session:
- (a) Pattern of Conferences: General Assembly resolution 35/10 of 3 November 1980;
 - [(b) Organization of the work of the sixth session of the Conference]
 - (c) ...) [Matters from above-mentioned sessions not relevant to item 2 above,
) that is, items 8-13 of the provisional agenda for the sixth session
 - (d) ...) of the Conference]
4. 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.
5. Other business.
6. Adoption of the report of the Board to the General Assembly.

Notes

a/ As approved by the Board at its 598th meeting, on 17 September 1982 (see part one above, para. 779).

b/ The items listed correspond to the items as numbered and worded in the provisional agenda for the sixth session of the Conference (see Official Records of the General Assembly, Thirty-seventh Session, Supplement No. 15 (A/37/15), vol. I, part three, annex, decision 256 (XXIV)).

ANNEX VI

Membership of the main Committees of the Board a/

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

Committee on Manufactures

Algeria	Madagascar
Argentina	Malaysia
Australia	Mali
Austria	Malta
Bangladesh	Mauritius
Belgium	Mexico
Bolivia	Morocco
Brazil	Netherlands
Bulgaria	New Zealand
Canada	Nicaragua
Central African Republic	Nigeria
Chile	Norway
China	Pakistan
Colombia	Panama
Costa Rica	Peru
Cuba	Philippines
Czechoslovakia	Poland
Democratic People's Republic of Korea	Qatar
Democratic Yemen	Republic of Korea
Denmark	Romania
Dominican Republic	Saudi Arabia
Ecuador	Senegal
Egypt	Singapore
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
Honduras	Tunisia
Hungary	Turkey
India	Union of Soviet Socialist Republics
Indonesia	United Kingdom of Great Britain and Northern Ireland
Iran (Islamic Republic of)	United Republic of Cameroon
Iraq	United Republic of Tanzania
Ireland	United States of America
Israel	Upper Volta
Italy	Uruguay
Ivory Coast	Venezuela
Jamaica	Viet Nam
Japan	Yemen
Jordan	Yugoslavia
Kenya	Zaire
Liberia	
Libyan Arab Jamahiriya	

Committee on Invisibles and Financing related to Trade

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

Committee on Shipping

Algeria
Argentina
Australia
Bangladesh
Belgium
Benin
Bolivia
Brazil
Bulgaria
Canada
Central African Republic
Chile
China
Colombia
Costa Rica
Cuba
Cyprus
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
Guatemala
Guinea
Honduras
Hungary
India
Indonesia
Iran (Islamic Republic of)
Iraq
Israel
Italy
Ivory Coast
Jamaica
Japan
Jordan
Kenya
Kuwait
Lebanon

Liberia
Libyan Arab Jamahiriya
Madagascar
Malaysia
Malta
Mauritius
Mexico
Morocco
Netherlands
New Zealand
Nicaragua
Nigeria
Norway
Pakistan
Panama
Peru
Philippines
Poland
Portugal
Qatar
Republic of Korea
Romania
Saudi Arabia
Senegal
Somalia
Spain
Sri Lanka
Sudan
Sweden
Switzerland
Syrian Arab Republic
Thailand
Trinidad and Tobago
Tunisia
Turkey
Uganda
Union of Soviet Socialist Republics
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 Transfer of Technology

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

Committee on Economic Co-operation among Developing Countries

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

Notes

a/ See part one above, para. 769.

Part Two

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

**Held at the Palais des Nations, Geneva,
from 19 to 28 October 1982**

* Originally issued in mimeographed form on 7 December 1982 under the symbol A/37/15 (Vol. II, Part II).

INTRODUCTION

1. At its 598th meeting, on 17 September 1982, the Board decided that it would hold a second part of its twenty-fifth session to resume, under agenda item 2, consideration of the question of ECDC activities in UNCTAD (Conference resolution 127 (V)), and also to resume consideration of agenda items 11 (g) (Review of the calendar of meetings) and 12 (Other business) (see part one above, annex I, Other decisions, (f)).

2. The second part of the twenty-fifth session was held from 19 to 28 October 1982. The present report contains an account of the proceedings. A fuller account of the proceedings in plenary is contained in the summary records of the 600th-602nd meetings (TD/B/SR.600-602).

CHAPTER I

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: CONFERENCE RESOLUTION 127 (V) ON ECONOMIC CO-OPERATION AMONG DEVELOPING COUNTRIES

(Agenda item 2)

3. Pursuant to the decision taken at its 598th meeting (see part one above, annex I, Other decisions, (f), and Other actions, para. 3 (a)), the Board resumed its consideration of draft resolution TD/B/L.639 that had been submitted on behalf of the States members of the Group of 77 at the first part of the twenty-fifth session. In response to the Board's invitation at the 598th meeting, the Secretary-General of UNCTAD had submitted a note (TD/B/L.645) setting out the financial and other implications that might arise from the provision of additional resources for the work programme of UNCTAD in the area of a global system of trade preferences among developing countries (GSTP).

4. At the opening (600th) meeting, the President noted that further progress had been made, since the first part of the session, in finding solutions to the problems arising from the role of UNCTAD in providing substantive support for the implementation of programmes of economic co-operation among developing countries, but that further work was required before any consensus could be reached. His own consultations had confirmed that neither the *raison d'être* for ECDC nor its legitimacy within UNCTAD were in question and accordingly he believed that, if the Board focused its attention clearly on the substance of the problem before it, there were good possibilities for finding solutions.

5. The spokesman for the Group of 77 reiterated the importance his Group attached to support in UNCTAD for ECDC. He reaffirmed the view that ECDC should take place within the United Nations system and under its auspices, noting that it concerned the international community as a whole and was not confined to the narrow interests of a few countries. The Group of 77 was prepared to be flexible in its approach to solutions to the existing problems.

6. The spokesman for Group B recalled his Group's active involvement on the issues under consideration and stressed the importance his Group attached to the ECDC process, which should receive the support of all countries. In spite of considerable efforts on all sides, problems still existed with regard to the modalities of such support. These were mainly problems of principle, relating to such questions as universality, sovereignty and equality among Members of the United Nations. Some significant progress had nevertheless been made and he hoped that the momentum would be maintained.

7. The spokesman for Group D said that a dark shadow was being cast on the present state and the future of international economic relations and drew attention to actions recently announced against his country by a major trading country, which he said showed complete disregard for international law, for basic principles and for internationally recognized rules governing international trade. He raised the question of the future of international economic relations in the light of such actions.

8. He stressed the importance Group D countries attached to ECDC as a means of creating new possibilities for trade and economic relations not only among developing countries but also between developing countries and other countries. He expressed the view that strengthening of co-operation among developing countries would allow them to make better use of their own resources and would enhance their economic independence. It would not harm the legitimate trade interests of the socialist countries but, on the contrary, would create new possibilities for trade between developing countries and other countries, including the socialist countries. The countries of his Group were prepared to adopt the proposals contained in the report by Mr. Dabbagh (TD/B/905) as a basis for further negotiations and hoped that appropriate conditions could be worked out that would allow the developing countries to launch negotiations on GSTP.

9. Referring to the note by the Secretary-General of UNCTAD on the financial and other implications of work in UNCTAD in the area of GSTP, he questioned whether some of the costs indicated in the note were indispensable and believed that economies were possible through a better allocation of budgetary and human resources already available in the secretariat. Financing of ECDC activities within UNCTAD should not lead to an increase in the United Nations budget as a whole.

10. The representative of China noted that his country had always given its full support for ECDC within UNCTAD and would continue to work for this common purpose and goal.

11. Further consideration of this subject was pursued in consultations chaired by the President of the Board.

12. During these consultations a draft resolution was submitted by Norway on behalf of Group B (TD/B/L.647).

13. Subsequently, the Group of 77 submitted a revised text of its draft resolution (TD/B/L.639/Rev.1), 1/ to which a number of amendments were proposed by Group B (TD/B/L.649).

14. In addition, a draft decision was submitted by Norway on behalf of Group B, whereby the Board would hold a third part of its twenty-fifth session in order, inter alia, to finalize agreement on the modalities of future work in UNCTAD on ECDC, on the basis of the various texts that were under consideration (TD/B/L.648).

15. At the 601st meeting, on 28 October, the President stated that, to his great regret, and despite the intensive consultations that had taken place, it had proved impossible to reach agreement on a text for adoption by the Board, although at one point it had seemed almost within reach. He therefore suggested that the Board should first take a decision on the draft decision of a procedural nature that had been submitted by Group B (TD/B/L.648).

16. The spokesman for Group B, introducing the draft decision, said its purpose was to facilitate the Board's task of reaching an agreement, since it was highly desirable that on such an important question as ECDC there should be the widest possible consensus. Group B believed that, with a little more time, that objective was within reach.

17. The spokesman for the Group of 77, while agreeing on the desirability of consensus, noted that the intensive consultations carried out during the session had failed to produce a satisfactory result and that his Group had therefore put forward a second revision of its original draft resolution (TD/B/L.639/Rev.2), on which he requested a vote.

Action by the Board

18. Before putting to the vote the draft decision submitted by Group B (TD/B/L.648), the President invited the secretariat to indicate the financial implications.

19. The spokesman for the Group of 77 stated that all the members present of that Group would vote against the draft decision.

20. The draft decision was rejected by a vote of 57 to 25, with 9 abstentions.

21. The spokesman for Group B requested that the vote on draft resolution TD/B/L.639/Rev.2 should be taken by roll-call.

22. Having noted the financial implications thereof (for the statement of financial implications, see annex II), the Board adopted draft resolution TD/B/L.639/Rev.2 by a roll-call vote of 63 in favour, 22 against and 9 abstentions (for the text, see annex I below, resolution 264 (XXV)).

23. The voting was as follows:

In favour: Algeria, Angola, Argentina, Bahrain, Bangladesh, Bolivia, Brazil, Burma, Burundi, Central African Republic, Chile, China, Colombia, Costa Rica, Cuba, Democratic Yemen, Dominican Republic, Egypt, El Salvador, Ecuador, Ethiopia, Ghana, Greece, Guatemala, Haiti, India, Indonesia, Iran (Islamic Republic of), Iraq, Jamaica, Kenya, Kuwait, Lebanon, Madagascar, Malaysia, Malta, Morocco, Mexico, Nicaragua, Nigeria, Pakistan, Panama, Peru, Philippines, Qatar, Republic of Korea, Romania, Saudi Arabia, Senegal, Singapore, Sri Lanka, Sudan, Thailand, Trinidad and Tobago, Tunisia, Turkey, United Arab Emirates, United Republic of Cameroon, United Republic of Tanzania, Uruguay, Venezuela, Viet Nam, Yugoslavia.

Against: Australia, Austria, Belgium, Canada, Denmark, Germany, Federal Republic of, Finland, France, Ireland, Israel, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Bulgaria, Byelorussian Soviet Socialist Republic, Czechoslovakia, German Democratic Republic, Hungary, Mongolia, Poland, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics.

24. At the subsequent (602nd) meeting, the delegations of Cyprus, Jordan, Libyan Arab Jamahiriya, Somalia, Yemen and Zaire stated that, had they been present when the vote was taken, they would have voted in favour of the draft resolution.

25. The spokesman for Group B said that it was a matter for concern that obstacles that had plagued the work on ECDC for years had come to concern the very substance of ECDC. It was well known that Group B supported ECDC and considered that development could be advanced in the developing countries if a means of further strengthening their economic co-operation could be found. UNCTAD should be allowed to support ECDC on the basis of consensus. The task of the Board at its current session had been to find agreed modalities for ECDC, and Group B regretted that it had failed after being so close to a solution. His Group had never sought to suspend negotiations and profoundly regretted that their proposal to continue negotiations had been rejected while the draft resolution submitted by the Group of 77 had been adopted by a vote. The consequences of these two votes were difficult to ascertain. He requested that draft resolution TD/B/L.647 be annexed to the report of the Board in order to reflect the position of the countries of Group B.

26. By a vote of 55 to 27, with 2 abstentions, the proposal to annex to the report of the Board draft resolution TD/B/L.647 was rejected; subsequently, however, the Board decided that that draft resolution, together with certain other texts that had been under consideration, should be reproduced in a supplement to the report of the Board to the General Assembly (see para. 95).

27. Statements in explanation of the vote on draft resolution TD/B/L.639/Rev.2 (resolution 264 (XXV)), were made both before and after the vote (respectively at the 601st and 602nd meetings). After the vote, a number of general statements on ECDC within UNCTAD were also made.

Statements before the vote

28. The representative of Denmark, speaking on behalf of EEC and its member States, expressed profound regret, and indeed astonishment, that, despite its having been very close to agreement, the Board had been forced to abandon further efforts to reach the largest possible measure of agreement on how UNCTAD could help in elaborating, implementing and negotiating ECDC projects or programmes. He wished to register a protest in the strongest possible terms.

29. The Community and its member States stood by the statements made on their behalf on several occasions concerning the importance they attached to the promotion of ECDC as an integral part of international economic co-operation. That was particularly true at the present time, in respect of a global system of trade preferences among developing countries, which they had been ready to support in principle - provided only that barriers were not raised or undue difficulties created for the trade of third parties, and that existing international obligations were fully respected.

30. Nevertheless, they had always insisted, and continued to insist, on the absolute need to agree on ground rules according to which work in UNCTAD should go ahead, ground rules that met the twin criteria of, on the one hand, promoting co-operation and, on the other hand, respecting fully the principles and procedures on which the United Nations system had been built. Moreover, the procedures that had led to the present unfortunate situation, with new and often informal texts being submitted in rapid succession, could not be justified. If international economic co-operation was to be pursued, it was essential for discussions and negotiations to take place in accordance with practices and rules which were known,

understood and respected. Otherwise there was unlikely to be any serious outcome of work on ECDC and other important questions, not to speak of the sixth session of UNCTAD.

31. Their belief in the principles of ECDC remained unshaken, but what had happened at the present session could only make it more difficult to pursue work in UNCTAD in a positive and effective way. They hoped most earnestly that events would prove them wrong.

32. The representative of Canada, associating himself fully with the spokesman for EEC, said that his delegation had come to the session hoping to find a pragmatic solution to the procedural aspects of ECDC, which included the very important principle of universality, the cornerstone of the entire United Nations system. The Board had made considerable progress towards that objective and it was greatly to be regretted that the real progress made in the negotiations was not reflected in the draft resolution being put to the vote. The events of the past 24 hours, and even of a few hours ago, left his delegation somewhat perplexed and could not but create serious doubts about the importance and seriousness attached to ECDC by some members of the Group of 77 and the sincerity with which some of them had entered into the negotiations.

33. The draft resolution posed serious difficulties for his delegation with respect to the issues of universality and the right of all developing countries to participate in ECDC activities financed by the United Nations system. Equally, it believed that another important aspect of ECDC within the United Nations was its non-exclusive nature: it could not and must not be seen as the exclusive domain of only a certain group of developing countries.

34. His delegation also regretted that the Group of 77 had refused to link the procedures in section A of the draft resolution to section B thereof. That could not but help fuel the fires of doubt that the real desire of the Group of 77, as stated in their Ministerial declaration on GSTP (A/37/544, annex II), was that it and other ECDC activities be reserved exclusively to developing countries members of the Group of 77. That view was not acceptable to his delegation.

35. The representative of the Netherlands, also associating himself fully with the spokesman for EEC, stated that the vote against the draft resolution that would be cast by his delegation should not be viewed in any way as a change in the positive attitude the Netherlands had shown during the past years with regard to ECDC. His delegation greatly regretted that, in spite of arduous efforts on all sides, it had not been possible to agree on ways and means of conducting activities on ECDC within UNCTAD. It still hoped that in the near future the Board could build further, in good faith, on the agreement that had almost been reached at the present session.

36. The representative of the United States of America stated that his country had always attached great importance to the principles of universality and sovereign equality of States, as well as to the impartial, international character of the United Nations Secretariat. It was aware that there was a strong sentiment that the time had come to give backbone to a programme on ECDC within UNCTAD, a programme that many believed should become one of its top priorities for the 1980s if UNCTAD were to remain a meaningful and relevant forum for dealing with the real problems of trade and development. The United States shared that view and had come to the session fully committed to reaching a consensus decision and to giving the

necessary impetus to ECDC, including GSTP. It was not, however, willing to compromise principle for expediency. It believed that to do so would undermine the entire United Nations system and would have far-reaching consequences for the international community.

37. The United States accepted, supported and encouraged economic co-operation among developing countries. It believed that it should, and could, be implemented in a manner that did not neglect or disregard United Nations principles. It was bound to oppose, and would continue to oppose, any attempt to alter the United Nations system to support exclusive meetings of any group, whether in UNCTAD or elsewhere.

38. It was cognizant of, and deeply appreciated, the efforts made by many members of UNCTAD to resolve the ECDC issue in a way that preserved the basic principles of the United Nations, and could only express deep regret that the heroic effort in that direction made during the past week had failed. Its overriding interest in that effort had been to seek an acceptable solution and to achieve an acceptable compromise in order that UNCTAD could get on with the business of dealing with the concrete problems of trade and development.

39. The position of the United States of America was based on the following principles contained in the Charter of the United Nations:

(a) The sovereign equality of States: All members of a United Nations body had an equal right to the privileges of membership and an equal obligation with respect to its duties;

(b) Universality: Decisions in a United Nations body should be taken with the full participation of its membership; and

(c) The international character of the United Nations staff: If it were required to respond to the requirements of a special group of Members, the Secretariat's independence could be compromised.

40. Members of the United Nations had rights, privileges and obligations which they took upon themselves when they became Members. Whether a particular programme of, or action by, the United Nations was consistent with the duties and attributes of membership could only be determined in the context of what the United Nations system was and how it was obliged to function. The United States considered that the United Nations was intended to be a "universal" organization, membership being open, in the words of Article 4 of the Charter, to "all ... peace-loving States". The determination of the founders of the Organization to "reaffirm faith ... in the equal rights ... of nations large and small" (expressed in the preamble of the Charter) was ensured by the explicit statement in Article 2 that "the Organization is based on the principle of the sovereign equality of all its Members". Moreover, the same Article stated that Members fulfilled their obligations under the Charter precisely so that all of them were ensured "the rights and benefits resulting from membership".

41. In that connection, the United States noted the Declaration on Principles of International Law concerning Friendly Relations and Co-operation among States in accordance with the Charter of the United Nations, adopted by the General Assembly on 24 October 1970 (General Assembly resolution 2625 (XXV), annex). That Declaration proclaimed, inter alia, the principle of sovereign equality of States,

noting that "all States enjoy sovereign equality. They have equal rights and duties and are equal members of the international community, notwithstanding differences of an economic, social, political or other nature". It reaffirmed that the purposes of the United Nations "can be implemented only if States enjoy sovereign equality and comply fully with the requirements of this principle in their international relations".

42. Consequently, the United States believed that any programme funded by all United Nations Members through the assessed budget must be carried out in a manner consistent with the fundamental principles of the Charter. Any other approach raised the disturbing question of where lines could reasonably be drawn in determining which Members in good standing of the United Nations might be prohibited from participating in an activity carried out under the auspices of the United Nations that was partially funded by excluded States. Chaos would exist if there were no certainty as to which group of countries should decide to exclude which other States from which activity, or to otherwise restrict their rights and privileges.

43. While those concerns regarding the principles embodied in the Charter were the primary basis for the United States position with respect to ECDC, his delegation had also been motivated by a strong desire to begin to make some changes in the working methods of UNCTAD. At the Cancún Summit, one year earlier, the President of the United States had suggested four understandings that he felt were essential to an effective dialogue between developed and developing countries, which had been widely welcomed by the participants. The President had been motivated by a desire to create a new atmosphere for a renewed focus on global growth and development, believing that the division of the world into North-South blocs contributed more to polarization and confrontation than to constructive action. UNCTAD was one of the focal points of the North-South dialogue, but polarization and confrontation had become increasingly the rule as the regional groups in UNCTAD developed positions in private and attempted to score points over each other in endless arguments over language in resolutions, with less and less time devoted to effective discussion of the different problems facing developing countries because of their varying stages of development and resource bases. The United States believed that it was time to change engrained habits and to strengthen the contribution of UNCTAD to development.

44. It was because of the same concerns that the United States had been compelled to oppose the provisional agenda for the sixth session of UNCTAD adopted by the Board at the third part of its twenty-fourth session. Its attempts to cast the work of the sixth session of UNCTAD in a broader context and to recognize the contributions that others, such as the private sector, could make to development were not successful. His delegation had made it clear at the present session that, while fully supporting ECDC as a concept, it believed it was a matter for all members of UNCTAD. As concerted activities in this area were launched, for the first time, there was an opportunity to demonstrate that the effort would indeed be a co-operative one and not one that set group against group, possibly even within the ranks of developing countries themselves.

45. Referring to the substance of the difficulties his delegation had experienced in the consultations on a text on ECDC for adoption by the Board, he said that with respect to the question of participation in ECDC projects or programmes the United States had sought to marry two concepts. The first was the principle of universality under the Charter of the United Nations and the right it gave to all States to participate in activities conducted under United Nations auspices.

Involuntary exclusion from such activities was a denial of the right to enjoy the privileges of membership. The second was that a Member State could not be compelled to negotiate concessions or make contractual obligations with another State against its will. Thus, in the case of GSTP, it followed that all developing countries should be allowed to participate in the elaboration of proposals and in the negotiations on the reduction of trade barriers, but each participating State would be free to decide with which countries it would actually exchange concessions.

46. Simple and practical as that may be, however, it had clashed with the attempt of many Members to define a new right - the right of a group of States to decide to exclude another Member of the United Nations from participation in any activity. There was no such right in the United Nations and the concept was incompatible with the Charter. The United States could thus not accept that a Member of the United Nations must, either implicitly or explicitly, obtain the consent of other Members before exercising rights and privileges to which it was entitled.

47. There were clearly some areas of ambiguity that complicated the attempt to spell out the ground rules, particularly with respect to such terms as "developing country" and "negotiation". While all acknowledged that it was impossible to define a developing country, it was generally accepted that, in accordance with certain criteria, such as per capita income, levels of infrastructure, literacy rates and nutrition, some countries were at lower stages of development than others. The problem arose, as always, at the margin. Since it was impossible to agree on any of the many definitions that could be used, it seemed self-evident that the only policy consistent with the principles of the United Nations was to permit countries to decide for themselves if they were developing in the context of the particular activities to be undertaken. It was unacceptable to his Government that a particular group of countries should arbitrarily exclude others and then declare itself "the group of developing countries".

48. As regards "negotiation", the term had been used very loosely, ranging from practically any exchange of views to the actual exchange of concessions and/or contractual relationships between States. Such loose terminology should not be applied to the process of any group of developing countries meeting to work out the details of a proposal or to implement a project not involving contractual concessions between parties. His Government would be guided by that consideration when deciding whether to attend a meeting as an observer, or whether to expect general distribution of a document.

49. Certainly, there was a danger that the very exercise of the right to participate might frustrate efforts among some groupings of developing countries to co-operate with each other, such as when a neighbouring State wished to participate in an ECDC project while the original parties did not wish to co-operate with that State. The pursuit of the universality principle might then frustrate even the original parties in their efforts to co-operate. His Government could not agree that, simply because in almost all regions there were States that did not enjoy friendly relations with one another, a group of original participants in a project or programme should be able to exclude another State from their activities. Such potential complications were a fact of life for a universal body such as the United Nations, and had to be accepted. His Government had reached this conclusion somewhat reluctantly, because it fully appreciated why some States might not wish to co-operate with another State when that other State was one with which the United States did not enjoy friendly relations. Yet the Charter of the United Nations could not be abused in order to overcome such problems. If ECDC were to

mean anything, it must be to foster co-operation. If various clusters of States co-operated only with one another, without attempting to break the barriers between these groups, that was not what his Government envisaged as the function of ECDC. Governments had all met together in the various organs of the United Nations in order to seek solutions to problems even when relations between some of them in the same room were openly hostile. It could not be argued that ECDC was a special case in this respect, and if States did not wish to follow this general practice, their activities should be conducted outside the United Nations.

Statements after the vote

50. The representative of Poland speaking on behalf of the countries members of Group D and of Mongolia, said that it was with regret that those countries had abstained in the voting, since they considered that the problem of ECDC was so important that decisions should be taken by consensus. It was only a few hours before the voting on draft resolution TD/B/L.639/Rev.2 that an earlier draft was under consideration, the result of lengthy and fruitful discussions. Thanks to the spirit of compromise and co-operation that then prevailed, that draft reflected in balanced form the view of the various parties. Obvious progress had been made and they had been fully resolved to vote for it.

51. Subsequently, the situation underwent a radical change, for reasons they had not been able to fathom, and the Board had been asked to vote on a text on the substance of which discussions had begun a week ago. He noted with bewilderment that all the wishes of the countries for which he spoke, dictated solely by a desire to promote the successful development of ECDC, had simply been ignored, even though, as was well known, a consensus had almost been reached.

52. The current session was particularly significant for the ECDC process. The Board was called upon to lay the foundation for the practical implementation of projects within the sphere of the activities of UNCTAD, first and foremost among which was GSTP. For that work to proceed successfully and fruitfully there were two prerequisites: first, that the work be properly organized, and second, that it take account of the interests of all the parties. Unfortunately, at the previous meeting, when the vote had been taken, neither of those essential rules had been observed. If that meeting was to be taken as a model, it was a model of how the ECDC process should not evolve. All members of the Board should draw the necessary conclusions.

53. He added that Group D countries had a number of comments to make on the draft resolution that had been voted upon. These had been repeatedly set forth in the course of the debate and related to the preamble of section A and operative paragraph 2, as well as to the preamble to section B. They would be submitting those comments in writing for inclusion in the report (see para. 95 and part three below).

54. Offering some general observations concerning further work on ECDC in UNCTAD, which he felt were not duly reflected in the resolution adopted, he said that it was extremely important to avoid duplication of work within the United Nations system. The regional commissions could make a substantial contribution to the development of ECDC, in particular at the regional and subregional levels, while the activities of UNCTAD in this field should focus primarily on projects having a more global character, such as GSTP. The contribution of UNCTAD should be effected

within the framework of its mandate and without prejudice to its consideration of other trade and development issues, since it was a universal organization called upon to resolve trade and economic problems in the interests of all countries and groups of countries.

55. Another matter to which Group D attached particular importance, likewise not reflected properly in the resolution, was the interests of countries not participating in ECDC. Economic co-operation among developing countries should develop to the advantage of all members of the international community and should not be detrimental to third countries. Still less should it lead to a situation where a few such countries were discriminated against compared with others, above all on questions pertaining to the trading system.

56. It also had to be borne in mind that the resources available to UNCTAD were limited and that the planning of work on ECDC thus had to be based strictly on what was financially possible. Group D was ready, together with the developing countries, to seek mutually acceptable solutions to the problems of financing ECDC activities in UNCTAD. However, the implementation of such activities should not be at the cost of an increase in the overall budget of the United Nations, but should be achieved, for example, through funds released as a result of curtailing obsolete and ineffective social and economic programmes. In its view, a substantial saving could be effected by introducing some order into the execution of measures related to ECDC. Judging from the experience of the current session, the need to do so seemed particularly urgent.

57. The representative of Australia, associating himself with the spokesman for Group B, stressed the seriousness with which his delegation viewed recourse to voting on the draft resolution submitted by the Group of 77 rather than the pursuit of a consensus resolution, which had clearly been within reach. His country was a strong supporter of the concept of ECDC and had worked hard to find a consensus solution that would enable ECDC activities to be carried out within the United Nations system. It had done so in the belief that pressing a draft resolution to a vote would place unnecessary stress on UNCTAD. ECDC had to enjoy the broad support of all groups, and the succession of draft texts that had been under consideration showed that there was much genuine common ground.

58. His delegation had had the impression that they were on the verge of agreement until just before the Group of 77 had requested a vote on draft resolution TD/B/L.639/Rev.2. It had continued to work for such agreement in the belief that a vote would introduce new divisions, weaken Group B's political support for and commitment to ECDC and open up a Pandora's box of confrontations not only in UNCTAD bodies concerned with ECDC and the programme budget but also at the sixth session of UNCTAD, as well as other United Nations forums dealing with ECDC.

59. His delegation had voted for draft decision TD/B/L.648 and against draft resolution TD/B/L.639/Rev.2 on substantive grounds, and also for reasons of principle relating to how ECDC was handled in UNCTAD and to its broader impact on UNCTAD as a whole. It was essential that ECDC develop within a framework of broad support, in the interests both of the developing countries, which should be able to pursue co-operation among themselves at a measured pace and in a receptive atmosphere, and of other States members of UNCTAD, whose legitimate views on ECDC should be met. Australia did not believe that States should accept by vote a resolution imposing obligations and denying rights when, with some further serious negotiation, a virtually consensus text could have been attained that would have enabled those obligations to be freely accepted and those rights freely withheld.

60. The representative of Switzerland, associating himself with the spokesman for Group B, said that his country opposed the resolution primarily because it infringed on the principle of universality; solutions that were acceptable to many had been proposed and would have made it possible to conform to that principle by undertaking similar ECDC activities involving somewhat different groups of countries that could in time have been merged. The resolution just adopted flouted the principle of universality and could only be rejected, if only for those reasons. However, Switzerland was certainly not having second thoughts about its support for ECDC or the implementation of ECDC within UNCTAD in unanimously acceptable conditions. His delegation held the view that ECDC could make a considerable contribution to the development process, that it would have beneficial consequences for the world economic system and that its role was to promote more open markets.

61. His delegation regretted that, in that area above all, recourse to a vote had been considered advisable and it was concerned about the adverse consequences that such a procedure would inevitably have for the unopposed implementation of ECDC within UNCTAD. It was convinced that the concept and practice of ECDC must make a "breakthrough" and that voting would by no means help matters in that respect. It nevertheless hoped that ECDC would still be possible within UNCTAD on the basis of respect for the rights of all member countries.

62. The representative of Japan stated that, in the light of the recent trends in the expansion of trade among developing countries, his country recognized the important contribution that ECDC could continue to make to the development of developing countries and also to the world economy. It believed that UNCTAD had an important role to play in promoting that positive contribution of ECDC and that all members should co-operate in order to enable UNCTAD to perform that role effectively.

63. His delegation deeply regretted that a decision on the future of ECDC activities had been taken by vote, particularly since there had been good prospects of reaching consensus. Japan was not, in principle, against taking decisions by vote in various organs of the United Nations but, so far as UNCTAD was concerned, it feared that almost every time a vote was taken, it tended to cast an ominous shadow on the future course of the particular activity voted on, if not also on other activities of UNCTAD. His delegation had no ready answer as to why that situation was peculiar to UNCTAD but believed that it was important for all members of UNCTAD to ponder on the question at a stage when they were in the process of preparing for meaningful discussions of key issues at the sixth session of UNCTAD.

64. He considered that a number of important points raised by Group B countries during the informal consultations on the various texts put forward had not been reconciled in the resolution adopted by the Board. These points, reflected in draft resolution TD/B/L.647 submitted by Group B and in Group B's amendments (in TD/B/L.649) to the earlier draft submitted by the Group of 77 (TD/B/L.639/Rev.1) (see para. 95 and part three below), should be taken into account so that the future framework of ECDC would be operationally viable and could receive the full support of all members of UNCTAD.

65. The representative of Finland, speaking also on behalf of Norway and Sweden, said that the Nordic countries had consistently supported the aspirations of developing countries towards self-reliance through increased and intensified co-operation among themselves. They viewed ECDC as a key element in that process, having large potential for promoting the development of the participating countries and international economic co-operation as a whole. That basic support of such aspirations had also found concrete expression in their aid programmes. Consequently, the Nordic countries deeply regretted that a vote had to be taken on this important question, the more so since an agreement had been very close. The recourse to a vote was, in their view, unfortunate and did not improve possibilities for future co-operation in this field. It might also affect the priorities between different programmes in UNCTAD. With more time, a more positive result could have been achieved and that was why the Nordic delegations had given their full support to the draft decision of a procedural nature submitted by Norway on behalf of Group B (TD/B/L.648). They had voted against the draft resolution submitted by the Group of 77 that the Board had adopted. While recognizing positive elements in that resolution, they had a number of difficulties with the text, particularly in relation to the principles of universality and sovereign equality of member States (sect. A, para. 2 (a), 2 (b) and 2 (c)). Another particular difficulty was the convening of a meeting on GSTP (sect. B, para. (a)), which was in contradiction to those principles, since participation was limited to a restricted group of developing countries. The provisions in section B of the resolution should have been in conformity with the modalities described in section A, as proposed by Group B in its draft resolution (TD/B/L.647) (see para. 95 and part three below).

66. The result of the vote demonstrated that some basic differences of view prevailed regarding the way in which States members should co-operate in UNCTAD. It was difficult at this stage to assess the consequences of the vote and the events leading up to it, but he sincerely hoped that those differences could be eliminated and a spirit of co-operation restored.

67. The representative of New Zealand, fully endorsing the statement by the spokesman for Group B, said that promising avenues had been opening up as a result of the informal consultations. His delegation felt that the possibilities could have been reconciled of preserving the principle of universality in United Nations bodies, which it supported, with the aspiration of developing countries to establish a global system of trade preferences in the context of ECDC, which it also supported. In its view, in a world economic climate that suffered from a considerable malaise, any such project that promised growth through trade liberalization rather than retrenchment deserved encouragement. That was, however, a global matter, in which all countries had an interest. He therefore regretted that a useful concept and one that his country would endorse, had taken shape by means of a vote.

68. The representative of Spain stated that his country had always attached the greatest importance to the question of ECDC. At the beginning of the session his delegation had been confident that a consensus satisfactory to all parties would be achieved. Until the very last moment it had maintained that hope. Regrettably, a consensus had not proved possible, although it had been well within reach. The resolution finally adopted included questions of principle that could not fail to give rise to reservations. Accordingly, he associated himself completely with the statement made by the spokesman for Group B, of which Spain was a part.

Nevertheless, he did not lose hope that, despite all, economic co-operation among developing countries could be carried out successfully with the collaboration of all. That was Spain's most fervent wish.

69. The representative of Austria, fully associating himself with the statement by the spokesman for Group B, said that he, too, deeply regretted that there had been recourse to a vote. Just as it seemed that common ground for the future of ECDC activities in UNCTAD was in reach, the Board was faced with a situation that resulted in losing all at once the considerable progress that had been achieved in negotiations over the last few weeks. It was difficult to draw the consequences at this stage, but considerable difficulties seemed to be unavoidable. Taking such an important decision by vote only a few months before the sixth session of the Conference scarcely contributed to creating an atmosphere of confidence, which was important for the success of the Conference. The fact that all members of UNCTAD still agreed on the importance and necessity of supporting ECDC remained the only positive sign. His country continued to fully share this view, and hoped that, in spite of all that had happened, it would be possible for the entire international community to reinstate its support for ECDC.

General statements

70. The spokesman for the Latin American Group said it was regrettable that a universally satisfactory solution to the issue of ECDC had not been achieved, despite the tireless efforts of the President. However, it was to be hoped that the resolution adopted by the Board would receive full support and be regarded as a challenge by those who had been unable to vote for it.

71. The spokesman for the Asian Group said that it was unfortunate that the draft resolution had had to be put to a vote. The countries of the Group of 77 had not wished to have a vote on the matter but rather to negotiate on the thorny issue of ECDC. What was most regrettable was that, following the vote, members had heard what appeared to be threats of hard times ahead not only for ECDC but also perhaps for the sixth session of UNCTAD. The Asian Group was not unreasonable: it had waited two years for a decision on ECDC, and its flexibility was well reflected in all the statements and draft resolutions which had been put forward. It was therefore incorrect to say that the developing countries had been unreasonable or had sought to force a vote.

72. A new element had been the references to the concept of injury to third parties, suggesting that there should be a written obligation on the part of participants in an ECDC project and/or programme to safeguard the interests of parties extraneous to an ECDC arrangement. He assured all members that in the course of ECDC activities the developing countries would not forget the interests of their friends and colleagues that were not parties to ECDC programmes. They were well aware of the shortage of resources and would take account of the need for economy when calling on the secretariat for support for ECDC. They were also fully conscious they were using "universal" funds, but there was a limit as to how far the concept of universality could be stretched in the implementation of self-help. What was important was to ensure that ECDC achieved its objectives. It was encouraging that all delegations had expressed their support in principle for ECDC. A spirit of co-operation must be maintained to ensure that ECDC played its role as an important instrument for the expansion of world trade, to the benefit of all States.

73. The spokesman for the African Group said that, in casting a positive vote on draft resolution TD/B/L.639/Rev.2, members of the Group had been convinced that it represented a step in the right direction towards launching a global system of trade preferences and implementing the Caracas Programme of Action on ECDC. The African Group had made a considerable effort to reach a consensus text on ECDC but, to its profound regret and astonishment, that serious effort had not received the appropriate response from the developed countries. The members of the African Group believed that the fundamental principle of ECDC was that of co-operation and mutual interest. Any country should be able to express its wish to join in that process, but the parties to a programme or project should not be deprived of their right to express their views regarding the status of a country requesting participation.

74. The representative of Yugoslavia said that his country attached great importance to ECDC, a major issue in international economic relations of concern and economic benefit to the entire international community. It had therefore participated, together with the other countries of the Group of 77, in trying to reach agreement on how UNCTAD could contribute to the implementation of ECDC, in the belief that all countries would show readiness and political will to reach agreement and overcome the impasse in international economic relations in order to solve the present acute world economic problems, particularly those of the developing countries. However, those expectations had not been fulfilled; it was regrettable that the Board had had to take a decision by vote, although being very near to consensus, but that action had become necessary because of the intransigence of some developed countries. The resolution adopted, which was nevertheless in conformity with the Charter of the United Nations and with United Nations and UNCTAD resolutions, provided a broadly acceptable basis for all countries and for UNCTAD to contribute effectively to ECDC. It was to be hoped that the countries that had not voted in favour of the draft resolution would accept the democratic challenge and continue to contribute to UNCTAD activities in that field, as well as to the success of the sixth session of UNCTAD, in the interests of the entire international community and the recovery of the international economy.

75. The representative of Mexico expressed his appreciation for the President's tireless efforts to bring about a consensus on the difficult item under consideration. His delegation deeply regretted the lack of agreement that had made consensus impossible and led to a vote. Certain Governments had shown immutable inflexibility, and once the crucial stage of the negotiations had been reached some delegations from developed countries had insisted on cosmetic proposals that had complicated the entire process. Moreover, the negotiation process had been disturbed at every step by the fact that one member State had not associated itself with the agreement reached by the other members of its group on certain compromise solutions.

76. The attempts of the developed countries to impose conditions on and raise obstacles to ECDC programmes represented a further sad example of the reluctance of certain Governments to accept the developing countries' aspirations. During the negotiations, the desire of Group B to uphold noble principles, such as sovereign equality and universality, had changed into repeated attempts to interfere with the activities of the Group of 77 and extract concessions from it. As had been stated in a recent newspaper article, the effective development of ECDC would change North-South power equations: that was why both East and West wished to participate in the negotiations, or at least influence them, veiling their concerns with the concepts of universality and sovereign equality of States.

77. Many countries were now wondering about the future of UNCTAD, not only in relation to ECDC, but in general. Certainly, the prospects for the sixth session of UNCTAD had been considerably darkened. His country would have to study carefully whether a global system of trade preferences was best established within the framework of UNCTAD or whether other forums would allow the developing countries to speed up their efforts without being subjected to constant handicaps.

78. The representative of Argentina said that some countries, while supporting the principles of ECDC and its functioning within the framework of UNCTAD, were attempting to establish conditions that hampered the efforts of the developing countries to make their presence and the weight of their interests felt in the current unfavourable economic situation. They lacked the will to promote or facilitate any understanding whatsoever, and tended to use their greater economic power to exert pressure on others, both in and outside their own group.

79. The developing countries, on the other hand, had amply demonstrated their spirit of co-operation and flexibility in the search for an acceptable solution. However, they expected respect for their sovereign right to take their own decisions and guide their own efforts; that did not exempt other members from their responsibilities as participants in the search for solutions within the framework of the North-South dialogue.

80. The good faith of the Group of 77 and others had prevailed, despite certain procedural manoeuvres. Developing countries would not change direction in their search for solutions in accordance with their own interests and those of the international community.

81. The representative of Algeria said that, in agreeing for the first time in its history to negotiate the very principles underlying its identity, the Group of 77 had a legitimate hope of seeing the place and role of ECDC recognized as absolutely necessary for the promotion of fair and equitable international co-operation. Practical solutions that might have helped overcome the differences in approach to and perception of ECDC had been proposed, and the Group of 77 had been counting on a spirit of goodwill and a desire to reach an acceptable compromise from the other negotiating partners.

82. Similarly, their representatives during the informal consultations had made tireless efforts to reach an agreement. His delegation had been closely associated with those efforts and could not remain indifferent to statements containing biased judgements of the negotiating process and its results. The Group of 77 had agreed to postpone a decision several times and had contributed to the establishment of a climate of trust by attempting at every stage of the negotiations to bring its position into line with that of other groups. Responsibility for the failure to reach agreement could therefore not be placed on the Group of 77. It was not possible to advocate collective autonomy and self-reliance for the developing countries and at the same time refuse them the means and resources to carry out the priority activities of ECDC within the framework of UNCTAD, or dictate the manner in which that co-operation should be organized.

83. Lacking a body like the Organisation for Economic Co-operation and Development or the Council for Mutual Economic Assistance, the developing countries wished to work towards collective autonomy within the United Nations system, which was dedicated to the establishment of a new international economic order. His country reaffirmed its faith in ECDC and the validity of the principles on which it was based.

84. The representative of Egypt expressed regret that sincere efforts to reach a generally acceptable solution, in particular on the part of the President, had ended in conflict and discord. Egypt attached great importance to economic co-operation among developing countries, which enjoyed the support of large sectors of international public opinion, and urged members of the Board to return to a spirit of solidarity that would enable the developing countries to embark on ECDC activities on the basis of collective self-reliance.

85. The representative of India said that he fully endorsed all the statements made by States members of the Group of 77. He had not expected the discussion on ECDC to lead to so much controversy. In a spirit of co-operation, the Group of 77 had made considerable concessions, which unfortunately had not been matched by concessions or understanding from the other side. In any event, it was not necessary to recriminate or apportion blame, but rather to reflect on the reactions by other groups to a modest attempt by the developing countries to seek benefits for themselves that in the long run would be to the advantage of the entire international community. Their efforts did not break new ground, and were in conformity with earlier resolutions of the United Nations and UNCTAD. The concern of the countries of Group B for universality should take account of the aspirations of some 122 countries representing two thirds of the world's population. If the latter were viewed with contempt by the countries of that group, there could be no future for the United Nations.

86. ECDC was important for the developing countries because their interaction with other parts of the world, though helpful, was static, and trade among themselves could improve their prospects. Other groups did not appear to want either to help the developing countries or to encourage them to take action of their own to solve their problems. The countries of Group B seemed to be taking a very short-term view of ECDC; in the short run it might well have a trade diversion effect to their detriment, but in the longer term it would tend to create trade for the benefit of all States. Their fear of ECDC was therefore misplaced. The Group of 77 attached great importance to the United Nations system and considered that ECDC programmes should take place within that framework. It wished to move forward in that field, in particular with regard to GSTP, and no amount of technicalities or obstructionism would be allowed to prevent progress. He therefore invited other groups to take the long-term view and co-operate with the countries of the Group of 77.

87. The representative of the Libyan Arab Jamahiriya said that his country fully supported the resolution that had been adopted. The Group of 77 had offered many concessions to reconcile the positions of the various groups, but their efforts had not been appreciated by the negotiators of some other groups, and they had therefore been forced to put an end to further concessions. They had not intended to put the matter to the vote; had that been their objective, they would have done so at a much earlier stage.

88. He stressed that, despite the praiseworthy efforts of the President to reach a consensus, it had become necessary to end the negotiations because some States had been trying once again to infringe on the sovereignty of the developing countries. The attitude of the developed countries, both East and West, was regrettable. Veiled references had been made to cutting financial contributions to United Nations activities: all States were contributing to the budget of the United Nations, and the capacity to pay more did not give a country or group of countries

the right to impose its will. Nor were human values and the ethical basis of international co-operation among developing countries something that could be bought by paying more to the United Nations budget. Furthermore, the principles of sovereignty and universality emphasized by Group B were fully supported by the countries of the Group of 77; the divergence arose as to the interpretation of those principles. Group B's interpretation fringed on the sovereignty of the developing countries, a matter over which they were not prepared to bargain. They had made very effort to avoid a vote, but it was now to be hoped that the basic principle of democracy, majority decision, would be respected and implemented by all States.

89. The spokesman for the Group of 77 said that he fully endorsed the statements made by the regional co-ordinators. He interpreted the fact that all delegations that had taken the floor had expressed regret at lack of consensus as a reaffirmation of a universal commitment to ECDC and to the continued search for areas of agreement that would be just for all States. The problems that had arisen in the discussion of the principles supported by all States were primarily the result of an attempt to give undue supremacy to one principle at the expense of the others. All the principles were mutually supportive and should apply equally at all times. In that connection, he suggested the Board note with great satisfaction the two reports submitted by Mr. Dabbagh (TD/B/892 and TD/B/905), which made a major contribution to the understanding of ECDC.

90. He endorsed all that had been said by other States members of the Group of 77 concerning the vote on the draft resolution and on the decision-making process by vote. The procedural proposal by the Group B countries (draft decision TD/B/L.648) would merely have had the effect of delaying the implementation of ECDC, from which the developing countries alone would suffer. Action to meet the needs of the developing countries should not always be postponed: that was why he had from the outset declared that the countries of the Group of 77 were opposed to the draft decision put forward by Group B. The results of the vote on draft resolution TD/B/L.639/Rev.2 (resolution 264 (XXV)) should not give rise to negative attitudes to the future of ECDC, which could affect not only the sixth session of UNCTAD but also the forthcoming Ministerial Meeting of GATT. Rather, there was a need for constructive attitudes and a realization that the progress of the developing countries would also benefit the developed countries. All countries should seek to build mutual confidence and co-operate in achieving the objectives of ECDC.

91. The representative of China said that the discussion on ECDC, although it had not led to a consensus, had helped to reveal the basic position of countries. China had voted in favour of draft resolution TD/B/L.639/Rev.2, thus reaffirming its position of endorsing the concept of ECDC and actively supporting the implementation of ECDC activities as an integral part of the establishment of a new international economic order and therefore as being of crucial importance. The implementation of ECDC would help the developing countries to safeguard their national independence, develop their national economies and achieve collective self-reliance, and was all the more urgent in the face of the continuing world-wide economic recession. His country was ready to develop its economic co-operation with other developing countries on the basis of equality and mutual benefit, and believed that ECDC should be undertaken in all developing countries sharing common goals and interests.

92. During informal consultations China had proposed an amendment concerning the principle of universality (see para. 95 and part three below). That amendment had

received full consideration by the regional groups and had been subsequently incorporated into the draft resolution submitted by the Group of 77 (TD/B/L.639/Rev.2). It was to be hoped that ECDC would be able to develop successfully in order to ensure the effective implementation of that resolution.

93. The representative of Canada said that his delegation fully associated itself with all the statements made by the spokesman for Group B. The very significant progress made at the current session of the Board on ECDC procedures had not been reflected in the resolution adopted, and the question that now remained was how to preserve for future discussion the concepts set forth in the informal text circulated among delegations, which virtually provided the basis for a consensus (see para. 95 and part three below). UNCTAD could not be compared to a national democracy, and voting on issues such as ECDC did not represent a solution to the problem, as was shown by the lack of real progress on the contested resolutions adopted at the fifth session of UNCTAD. He therefore endorsed the appeal by the spokesman for the Asian Group for a spirit of co-operation and confidence-building measures, which was fundamental in the United Nations in general and in UNCTAD in particular, especially in the period preceding the sixth session of UNCTAD. He shared the frustration expressed by the representative of Mexico, but could not agree that negotiators did not have a clear idea of other groups' positions. All groups had had their internal differences, but all had sought to give a clear expression of their own views in the informal negotiating process. As to the allegation that Group B had used a procedural manoeuvre, he pointed out that the spokesman for Group D had said that his Group would submit in writing its amendments to a previous draft text and had asked for their inclusion in the report. That was quite appropriate, and no opposition had been heard. It was the fundamental right of any group to ask for the inclusion of its views in the report.

94. The spokesman for Group B, said that his group shared the regret expressed by previous speakers, as well as the hope for a better spirit of co-operation and compromise in future. For their part, the countries of Group B were prepared to continue the search for co-operation in the best tradition of the past.

Concluding action by the Board on documents TD/B/892 and TD/B/905 and on texts considered during the second part of the twenty-fifth session

95. Before closing agenda item 2, the President reported on his informal consultations concerning the earlier discussion on a proposal to annex a draft resolution to the report of the Board. The Board approved the suggestion by the President, made in the light of those consultations, that a supplement to the Board's report to the General Assembly should be prepared, which would contain, inter alia, the following documents: TD/B/L.647 (draft resolution submitted on behalf of Group B); TD/B(XXV)/CRP.7 (draft proposal submitted by the Group of 77); the amendment to which the representative of China had referred (see para. 92); the comments that Group D had earlier requested for inclusion in the report (see para. 53); and possibly the compromise text that he himself had at one point considered submitting. It was the President's understanding that, the Board having agreed to the preparation of this supplement (see part three below) all other proposals made earlier in that connection were withdrawn.

96. At the invitation of the President, the Board took note of the two reports prepared by Mr. Dabbagh (Kuwait), former President of the Board, 2/ and paid tribute and expressed appreciation to him for their preparation.

CHAPTER II

INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS

(Agenda items 1, 11 and 13)

A. Opening of the second part of the twenty-fifth session

97. The second part of the twenty-fifth session of the Trade and Development Board was opened on 19 October 1982 by the President of the Board, Mr. F. Blankart (Switzerland).

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

(Agenda item 11 (b))

98. At the 600th meeting, on 19 October, the President of the Board announced that, in accordance with paragraphs 5 and 7 of General Assembly resolution 1995 (XIX), as amended, Bahrain had communicated to the Secretary-General of the United Nations Conference on Trade and Development its intention to become a member of the Board and was accordingly now a member of the Trade and Development Board (for the membership of the Board at the close of the twenty-fifth session, see annex III below).

C. Membership and attendance 3/

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

Algeria	Cyprus
Angola	Czechoslovakia
Argentina	Democratic People's
Australia	Republic of Korea
Austria	Democratic Yemen
Bangladesh	Denmark
Bahrain	Dominican Republic
Belgium	Ecuador
Benin	Egypt
Bolivia	El Salvador
Brazil	Ethiopia
Bulgaria	Finland
Burma	France
Burundi	Gabon
Byelorussian Soviet	German Democratic Republic
Socialist Republic	Germany, Federal Republic of
Canada	Ghana
Central African Republic	Greece
Chile	Guatemala
China	Haiti
Colombia	Honduras
Costa Rica	Hungary
Cuba	India

Indonesia
 Iran, Islamic Republic of
 Iraq
 Ireland
 Israel
 Italy
 Ivory Coast
 Jamaica
 Japan
 Jordan
 Kenya
 Kuwait
 Lebanon
 Liberia
 Libyan Arab Jamahiriya
 Luxembourg
 Madagascar
 Malaysia
 Malta
 Mexico
 Mongolia
 Morocco
 Netherlands
 New Zealand
 Nicaragua
 Nigeria
 Norway
 Oman
 Pakistan
 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

100. The following other States members of UNCTAD were represented at the session:
 Holy See, Nepal.

101. The United Nations Industrial Development Organization, the United Nations Development Programme and the United Nations Fund for Population Activities were represented at the session. The International Trade Centre UNCTAD/GATT was also represented.

102. 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.

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

Association of Iron Ore Exporting Countries
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

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

General Category:

Christian Democratic World Union
International Christian Union of Business Executives
International Confederation of Free Trade Unions
Society for International Development
World Federation of Trade Unions

105. The Palestine Liberation Organization participated pursuant to General Assembly resolution 3237 (XXIX).

D. Review of the calendar of meetings

(Agenda item 11 (g))

106. At the first part of its twenty-fifth session, the Board decided to remit to the second part of the session a draft decision submitted on behalf of the States members of the Group of 77 (TD/B/L.638) concerning the scheduling of meetings of the Working Party on the Medium-term Plan and the Programme Budget in 1983. It also decided to consider further at the second part of the session the calendar of meetings for 1983 and tentative schedules for 1984 and 1985 (see part one above, para. 777).

107. In connection with the calendar of meetings for 1983, the Board had before it, in addition to document TD/B/L.646, an addendum thereto (TD/B/L.646/Add.1) concerning calendar matters that had arisen since the first part of the session.

108. At the 602nd meeting, on 28 October, the representative of the Secretary-General of UNCTAD, introducing this item, suggested that, in order to minimize overlapping with the thirty-eighth session of the Economic Commission for Europe in April 1983, the twenty-sixth session of the Trade and Development Board should be held from 18 to 22 April 1983 and the twelfth special session from 25 to 29 April 1983 and that the twelfth session of the Special Committee on Preferences should be held from 2 to 11 May 1983.

1. Working Party on the Medium-term Plan and the Programme Budget

109. The spokesman for Group B, recalling paragraph 7 (b) of Conference resolution 114 (V) on institutional issues, proposed that space should be found in the calendar of meetings in the first half of 1983 for the seventh session of the Working Party on the Medium-term Plan and the Programme Budget, so that it could be held before the sixth session of UNCTAD.

110. The spokesman for the Group of 77 said that the position of his Group on the scheduling of meetings of the Working Party on the Medium-term Plan and the Programme Budget in 1983 had been expressed at length at the sixth session of the Working Party and at the first part of the twenty-fifth session of the Board and was reflected in draft decision TD/B/L.638, which provided for only one session of the Working Party in 1983, after the sixth session of UNCTAD, for a duration of up to two weeks. He regretted that consensus had not been possible on this issue and requested that the draft decision be put to the vote.

Action by the Board

111. Draft decision TD/B/L.638 was adopted by 45 votes to 21, with 9 abstentions (for the text, see annex I, decision 265 (XXV)).

112. The spokesman for Group D said that, while his Group had expressed its preference for only having one session of the Working Party, in the second half of 1983, it had abstained in the vote, since it considered that decisions on procedural matters should be reached by consensus rather than by voting.

113. The representative of the United States of America expressed his distress that, having shown contempt for the due process of negotiation on the substantive item dealt with by the Board at its present session, one regional group had now shown its contempt for proper management by limiting the activities of the UNCTAD body most directly concerned with administration and management.

2. Other calendar matters

114. The spokesman for the Group of 77 requested that dates should be established for the meetings called for under resolution 264 (XXV) on economic co-operation among developing countries that the Board had adopted at the previous meeting.

115. Supplementing these remarks, the representative of Mexico said it was important for the Board itself to establish these dates, rather than for the issue to be resolved at the consultations of the Secretary-General of UNCTAD.

116. The representative of the Secretary-General of UNCTAD said that space existed in the calendar to schedule the meeting called for in section B, paragraph 1, of the resolution, from 11 to 15 April 1983. As regards the third session of the Committee on Economic Co-operation among Developing Countries, the earliest possible dates, given the known constraints, including the holding of the second regular session of the Economic and Social Council in July, were from 5 to 16 September 1983.

117. The representative of Argentina said the exact dates in April of the meeting relating to GSTP, called for in section B, paragraph 1, of the resolution, should perhaps be reviewed at the consultations of the Secretary-General of UNCTAD, once an official decision had been taken regarding the scheduling of the Ministerial Meeting of the Group of 77 at Buenos Aires, preparatory to the sixth session of UNCTAD.

Action by the Board

118. At its 602nd meeting, on 28 October, the Board approved the calendar of meetings for 1983, and the tentative schedules for 1984 and 1985, suggested by the secretariat (TD/B/L.646 and Add.1), taking into account the comments made by the representative of the Secretary-General of UNCTAD and incorporating such adjustments as were required in the light of decision 265 (XXV) taken earlier in the meeting (see annex I below, decision 266 (XXV)).

119. The spokesman for Group B said that his Group had accepted the calendar of meetings for 1983 without prejudice to its well-known positions regarding the convening in April 1983 of the Meeting enabling the developing countries participating in the negotiations on a global system of trade preferences, inter alia, to define the nature, scope and extent of the support requested from UNCTAD. He also noted that the timing of the twelfth session of the Special Committee on Preferences in 1983 was a matter that would be discussed at the forthcoming consultations of the Secretary-General of UNCTAD.

E. Financial implications of the actions of the Board

(Agenda item 11 (h))

120. In connection with the adoption of resolution 264 (XXV) on economic co-operation among developing countries, the Board was provided, in accordance with rule 31 of the rules of the procedure, with a statement of financial implications, the text of which is reproduced in annex II.

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

(Agenda item 13)

121. At its closing (602nd) meeting, on 28 October, the Board, noting that its report on the second part of its twenty-fifth session would form part of its annual report to the General Assembly at its thirty-seventh session, authorized the Rapporteur to prepare the report on the second part of the twenty-fifth session after the close of the session (for the decision regarding a supplement to the report, see para. 95 above).

G. Closure of the session

122. At the 602nd meeting, on 28 October, the President declared closed the twenty-fifth session of the Trade and Development Board.

Notes

1/ Before formally submitting draft resolution TD/B/L.639/Rev.1, the Group of 77 had circulated informally draft proposals as a basis for consultations (TD/B(XXV)/CRP.7).

2/ For the printed texts, see Official Records of the Trade and Development Board, Twenty-fourth Session, Annexes, agenda item 2, documents TD/B/892 and TD/B/905.

3/ For the list of participants, see TD/B/INF.121.

ANNEX I

Resolution and decisions adopted by The Trade and Development Board at the second part of its twenty-fifth session

	<u>Page</u>
RESOLUTION	
264 (XXV). Economic co-operation among developing countries	220
DECISIONS	
265 (XXV). Meetings of the Working Party on the Medium-term Plan and the Programme Budget in 1983	222
266 (XXV). Review of the calendar of meetings	222
Other action taken by the Board	228

RESOLUTION

264 (XXV). Economic co-operation among developing countries

The Trade and Development Board,

A

Recalling General Assembly resolution 34/202 of 19 December 1979 and resolution 127 (V) of 3 June 1979 of the United Nations Conference on Trade and Development on economic co-operation among developing countries, and its decision 161 (XVII) of 2 September 1977 by which it adopted terms of reference for the Committee on Economic Co-operation among Developing Countries,

Noting the decisions adopted by the Conference on Economic Co-operation among Developing Countries held in Mexico City in September 1976, a/ the Manila Declaration and Programme of Action of 7 February 1976, b/ the Arusha Programme for Collective Self-Reliance and Framework for Negotiations adopted in February 1979, c/ as well as the Caracas Programme of Action adopted by the High-Level Conference on Economic Co-operation among Developing Countries in May 1981, d/

Recognizing that economic co-operation among developing countries is a key element in the strategy for collective self-reliance and an essential component of the International Development Strategy for the Third United Nations Development Decade,

Recognizing further that improved economic co-operation among developing countries will make an important contribution to the development of developing countries, as well as to the world economy,

Mindful of the importance which developing countries attach to economic co-operation among themselves,

Reaffirming that efforts by the developing countries to promote economic co-operation among themselves do not diminish the responsibilities of all other countries to establish just and equitable international economic relations,

1. Reaffirms that the Committee on Economic Co-operation among Developing Countries is the main committee of UNCTAD which deals with the work on economic co-operation among developing countries and is responsible for considering and making recommendations to provide, as and when requested, support and assistance to developing countries, or groups thereof, for activities related to economic co-operation among developing countries;

2. Agrees to the following:

(a) All developing countries are entitled to submit, jointly or in groups, proposals concerning projects and/or programmes for the consideration of the Committee on Economic Co-operation among Developing Countries. Any developing country or group of such countries wishing to join in any such project and/or programme may do so on the basis of the agreement reached through consultations between the requesting country or group of countries and the group of parties to the project and/or programme;

(b) Those States members of, and non-voting participants in, the Committee on Economic Co-operation among Developing Countries which do not participate in specific projects and/or programmes are entitled to attend, on a non-deliberative basis, plenary meetings relating to such specific projects and/or programmes. This entitlement does not extend to participation in the negotiations themselves;

(c) General and background documentation prepared by the UNCTAD secretariat with respect to projects and/or programmes shall, in accordance with section XVIII of General Assembly resolution 36/235 of 18 December 1981, be given universal distribution, as shall progress and final reports on the negotiations on such projects and/or programmes among the countries concerned. Documents pertaining to direct negotiations shall be distributed only to those countries participating in the negotiations;

(d) On the basis of a proposal presented to the Committee on Economic Co-operation among Developing Countries by developing countries relating to a project and/or programme for economic co-operation among developing countries and to the support and assistance required therefor, the Secretary-General of UNCTAD shall prepare a report for the consideration of the Committee. This report shall indicate the financial requirements of the project and/or programme as presented and the options for financing the various elements thereof, taking into account resources that might be made available from the regular budget of UNCTAD, possible assistance from other competent organs of the United Nations system and the possibility of voluntary contributions from bilateral and multilateral sources. The report shall provide an estimate of the implications for UNCTAD with regard to its budget, to staffing requirements and to the calendar of meetings.

B

Welcoming the conclusion of the preparatory phase of the global system of trade preferences among developing countries set out in Conference resolution 127 (V), and noting the decision of developing countries taken at Ministerial level on 8 October 1982 to implement the system, e/

Agrees further:

(a) To request the Secretary-General of UNCTAD to provide, from within existing budgetary resources, the necessary technical support, conference and secretariat services for the holding at the headquarters of UNCTAD in April 1983 of a meeting enabling the developing countries participating in the negotiations on a global system of trade preferences among developing countries, inter alia, to define the nature, scope and extent of the support requested from UNCTAD for them,

(b) To convene the third session of the Committee on Economic Co-operation among Developing Countries immediately after the sixth session of the Conference, with a view to reviewing the work of UNCTAD pertaining to economic co-operation among developing countries and to making recommendations to the Board at its twenty-seventh session concerning the nature, extent and terms of the support to be provided from UNCTAD for the negotiations on a global system of trade preferences among developing countries, on the basis of the proposal to be submitted by the developing countries concerned and of the report prepared by the UNCTAD secretariat.

601st meeting
28 October 1982

DECISIONS

265 (XXV). Meetings of the Working Party on the Medium-term Plan and the Programme Budget in 1983

The Trade and Development Board,

Recalling the views expressed on the frequency and duration of its meetings by members of the Working Party on the Medium-term and the Programme Budget at its sixth session, f/

Taking into account the need for the intergovernmental bodies of UNCTAD to focus their attention on issues which will be before the United Nations Conference on Trade and Development at its sixth session and on preparations for the Conference,

Taking into account also the large number of meetings included in the UNCTAD calendar of meetings in the period before the sixth session of the Conference and in preparation for it,

1. Decides that the seventh session of the Working Party shall be held at a date after the conclusion of the sixth session of the Conference;
2. Further decides that only one session of the Working Party shall be held during 1983;
3. Decides that the seventh session of the Working Party shall be held for a period of up to two weeks if required;
4. Further decides that the Working Party at its seventh session shall review the proposed programme budget for the biennium 1984-1985, and in that context the question of programme evaluation, and shall consider the annual review of UNCTAD technical assistance activities.

602nd meeting
28 October 1982

266 (XXV). Review of the calendar of meetings

The Trade and Development Board

Approves the calendar of meetings for the remainder of 1982 and for 1983 and the tentative schedules for 1984 and 1985 annexed to the present decision.

602nd meeting
28 October 1982

Annex

Calendar of meetings for the remainder of 1982 and for 1983
and tentative schedules for 1984 and 1985 g/

A. Meetings for the remainder of 1982

	<u>Date</u>
Group of Governmental Experts on Bananas	1-5 November
Preparatory Meeting on Bauxite	8-12 November
Intergovernmental Preparatory Group on Conditions for Registration of Ships, second session	8-26 November
Preparatory Commission for the Common Fund for Commodities, fourth session	15-26 November
Meeting on Tropical Timber	29 November - 3 December
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, first part (invisibles: insurance)	13-17 December

1982

Meetings for which dates are to be determined h/

	<u>Duration</u>
United Nations Conference on an International Code of Conduct on the Transfer of Technology, fifth session <u>1/</u>	3 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
Seventh (third part) or Eighth Preparatory Meeting on Copper	1 week
Resumed Sixth Preparatory Meeting on Cotton	1 week

1982 (continued)

	<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 17 weeks)
Working parties, study groups and expert groups	As required j/

B. Calendar of meetings for 1983

	<u>Date</u>
Permanent Sub-Committee on Commodities, third session	17-26 January
Committee on Commodities, tenth session	26 January-4 February
Working Group on International Shipping Legislation, ninth session	31 January-18 February
Committee on Manufactures, tenth session	7-18 February
Committee on Invisibles and Financing related to Trade, tenth session, second part (financing related to trade)	28 February-11 March
United Nations Conference on Tropical Timber, 1983	14-31 March
Joint Advisory Group on the International Trade Centre UNCTAD/GATT, sixteenth session	21-29 March
Trade and Development Board, twenty-sixth session k/	18-22 April

1983 (continued)

	<u>Date</u>
Trade and Development Board, twelfth special session	25-29 April
Group of Experts on International Sea Transport of Liquid Hydrocarbons in Bulk, first session (resolution 48 (X) of the Committee on Shipping)*	25-29 April
Special Committee on Preferences, twelfth session	2-11 May
United Nations Conference on Trade and Development	
- Pre-Conference meeting of senior officials	2-3 June (Belgrade)
- Sixth session	6-30 June (Belgrade)
Committee on Economic Co-operation among Developing Countries, third session	5-16 September
Trade and Development Board, twenty-seventh session	3-14 October
Intergovernmental Group of Experts on Restrictive Business Practices, second session	17-26 October
<u>Ad hoc</u> Intergovernmental Group to Consider Means of Combating all Aspects of Maritime Fraud, including Piracy (resolution 49 (X) of the Committee on Shipping)*	17-28 October
Group of Experts on Model Rules for Multimodal Container Tariffs, first session (decision 47 (X) of the Committee on Shipping)*	14-18 November
Group of Experts on the International Sea Transport of Liquid Hydrocarbons in Bulk, second session (resolution 48 (X) of the Committee on Shipping)*	5-9 December
<u>Meetings for which the dates are to be determined</u>	
	<u>Duration</u>
Meeting enabling the developing countries participating in the negotiations on a global system of trade preferences <u>inter alia</u> to define the nature, scope and extent of the support requested from UNCTAD*	1 week (April)
Working Party on the Medium-term Plan and the Programme Budget, seventh session	Up to 2 weeks (second half of 1983)
Working Group on International Shipping Legislation, tenth session	2 weeks

1983 (continued)

	<u>Duration</u>
Committee on Tungsten, fifteenth session (if required)	1 week
Permanent Group on Synthetics and Substitutes, seventh session (if required)	1 week
Permanent Sub-Committee on Commodities, fourth session (if required)	1 week
United Nations Conference on the Conditions for Registration of Vessels <u>1/</u>	2 weeks
Meeting of Experts from Tea-exporting Countries on Minimum Export Standards, second session	1 week
Intergovernmental Group of Experts on Tea, fourth session	1 week
Fourth Preparatory Meeting on Tea	1 week
* * *	
Commodity conferences and other commodity meetings	As required (up to 34 weeks)
Working parties, study groups and expert groups	As required (up to 11 weeks) <u>n/</u>

C. Tentative schedule of meetings for 1984 and 1985

1984

Joint Advisory Group on the International Trade Centre, UNCTAD/GATT, seventeenth session	9 days
Working Party on the Medium-term Plan and the Programme Budget, eighth session	1 week
Trade and Development Board, twenty-eighth session	2 weeks
Special Committee on Preferences, thirteenth session	1-2 weeks
Working Party on the Medium-term Plan and the Programme Budget, ninth session	1 week
Trade and Development Board, twenty-ninth session	2 weeks
Working Group on International Shipping Legislation eleventh session	2 weeks

1984 (continued)

	<u>Duration</u>
Intergovernmental Group of Experts on Restrictive Business Practices, third session	1 1/2 weeks
Sessions of two or three main committees	Throughout the year, 1-2 weeks each
Committee on Tungsten (if required)	1 week
Permanent Group on Synthetics and Substitutes (if required)	1 week
Permanent Sub-Committee on Commodities (if required)	1-2 weeks
Group of Experts on Model Rules for Multimodal Container Tariffs, second session (decision 47 (X) of the Committee on Shipping)*	1 week (second quarter)
* * *	
Commodity conferences and other commodity meetings	As required (up to 40 weeks)
Working parties, study groups and expert groups	As required (up to 16 weeks)

1985

Joint Advisory Group on the International Trade Centre UNCTAD/GATT, eighteenth session	9 days
Working Party on the Medium-term Plan and the Programme Budget, tenth session	1 week
Trade and Development Board, thirtieth session	2 weeks
Special Committee on Preferences, fourteenth session	1-2 weeks
Working Party on the Medium-term Plan and the Programme Budget, eleventh session	1 week
Trade and Development Board, thirty-first session	2 weeks
Intergovernmental Group of Experts on Restrictive Business Practices, fourth session	1 1/2 weeks
Sessions of two or three main committees	Throughout the year 1-2 weeks each

1985 (continued)

	<u>Duration</u>
Intergovernmental Group on the Least Developed Countries, sixth session <u>n/</u>	2 weeks
United Nations Conference to Review All Aspects of the Set of Multilaterally Agreed Equitable Principles and Rules on Restrictive Business Practices <u>o/</u>	2 weeks
Committee on Tungsten (if required)	1 week
Permanent Group on Synthetics and Substitutes (if required)	1 week
Permanent Sub-Committee on Commodities (if required)	1-2 weeks
* * *	
Commodity conferences and other commodity meetings	As required (up to 40 weeks)
Working parties, study groups and expert groups	As required (up to 16 weeks)

Other action taken by the Board

At its 602nd meeting, on 28 October 1982, the Board took note of the two reports prepared by Mr. H. Dabbagh (Kuwait), p/ former President of the Board, on the role of UNCTAD in support of economic co-operation among developing countries and paid tribute and expressed appreciation to him for their preparation. g/

Notes

a/ See part one of the report of the Conference, distributed to the General Assembly in document A/C.2/31/7.

b/ Proceedings of the United Nations Conference on Trade and Development, Fourth Session, vol. I, Report and Annexes (United Nations publication, Sales No. E.76.II.D.10), annex V.

c/ Ibid., Fifth Session, vol. I, Report and Annexes (United Nations publication, Sales No. E.79.II.D.14), annex VI.

d/ See A/36/333 and Corr.1.

e/ See A/37/544.

f/ See the report of the Working Party (Official Records of the Trade and Development Board, Twenty-fifth Session, Supplement No. 5 (TD/B/928)).

g/ Unless otherwise indicated, all meetings will be held at Geneva. Meetings marked with an asterisk are deductible from the block provisions for "Working parties, study groups and expert groups".

h/ Should any of the meetings listed under this heading not be held in 1982, they will be carried forward into 1983.

i/ To be convened at a date to be determined in consultations between the Secretary-General of UNCTAD and regional groups.

j/ 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.

k/ The twenty-sixth regular session will resume on 26 April 1983 to adopt its report.

l/ Subject to action by the General Assembly at its thirty-seventh session.

m/ See foot-note j/ above.

n/ Meeting at high level to undertake the mid-term global review of progress towards the implementation of the Substantial New Programme of Action for the 1980s for the Least Developed Countries, pursuant to para. 119 of that Programme (see Report of the United Nations Conference on the Least Developed Countries (United Nations publication, Sales No. E.82.I.8), part one, sect. A). The Intergovernmental Group, at its third, fourth and fifth sessions, acted as the Preparatory Committee for the Conference.

o/ Subject to the approval of the General Assembly (see The Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices (United Nations publication, Sales No. E.81.II.D.5), part IV, sect.g, para. 6).

p/ TD/B/892 and TD/B/905, reproduced in Official Records of the Trade and Development Board, Twenty-fourth Session, Annexes, agenda item 2.

q/ See part two above, para. 96.

ANNEX II

Financial implications of the actions of the Board

Economic co-operation among developing countries a/

1. In section B, operative paragraph 1, of the draft resolution contained in document TD/B/L.639/Rev.1 the Secretary-General of UNCTAD is requested to provide for the holding of a meeting at Geneva enabling the developing countries participating in the negotiations on a global system of trade preference inter alia to consider matters of an organizational nature.
2. On the assumption that such a meeting would be convened for a period of one week, would be serviced by two four-language teams of interpreters and would require two conference rooms and a total of 50 pages of documentation, the estimated costs amount to \$82,000.
3. It is considered that these meetings requirements would come within the general provision in the UNCTAD calendar of meetings for working parties, expert groups and study groups.

Notes

a/ Substance of TD/B/L.639/Rev.1/Add.1, which the Board was informed was applicable also to draft resolution TD/B/L.639/Rev.2 (resolution 264 (XXV)).

ANNEX III

Membership of the Trade and Development Board a/

Afghanistan	Grenada
Algeria	Guatemala
Angola	Guinea
Argentina	Guyana
Australia	Haiti
Austria	Honduras
Bahrain	Hungary
Bangladesh	India
Barbados	Indonesia
Belgium	Iran, Islamic Republic of
Benin	Iraq
Bolivia	Ireland
Brazil	Israel
Bulgaria	Italy
Burma	Ivory Coast
Burundi	Jamaica
Byelorussian Soviet Socialist Republic	Japan
Canada	Jordan
Central African Republic	Kenya
Chad	Kuwait
Chile	Lebanon
China	Liberia
Colombia	Libyan Arab Jamahiriya
Costa Rica	Liechtenstein
Cuba	Luxembourg
Cyprus	Madagascar
Czechoslovakia	Malaysia
Democratic People's	Mali
Republic of Korea	Malta
Democratic Yemen	Mauritania
Denmark	Mauritius
Dominican Republic	Mexico
Ecuador	Mongolia
Egypt	Morocco
El Salvador	Netherlands
Ethiopia	New Zealand
Finland	Nicaragua
France	Nigeria
Gabon	Norway
German Democratic Republic	Oman
Germany, Federal Republic of	Pakistan
Ghana	Panama
Greece	Papua New Guinea
Grenada	

Peru
Philippines
Poland
Portugal
Qatar
Republic of Korea
Romania
Saudi Arabia
Senegal
Sierra Leone
Singapore
Somalia
Spain
Sri Lanka
Sudan
Suriname
Sweden
Switzerland
Syrian Arab Republic
Thailand
Togo

Trinidad and Tobago
Tunisia
Turkey
Uganda
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
Upper Volta
Uruguay
Venezuela
Viet Nam
Yemen
Yugoslavia
Zaire
Zambia

Notes

a/ See part two above, para.98.

Part Three

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

* Originally issued in mimeographed form on 17 December 1982 under the symbol A/37/15 (Vol. II, Part III).

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

CONTENTS

	<u>Page</u>
INTRODUCTION	235
I. TEXTS SUBMITTED AS OFFICIAL DOCUMENTS OF THE SESSION	236
II. OTHER TEXTS	247

INTRODUCTION

At its closing (602nd) meeting, on 28 October 1982, the Board decided that its Rapporteur should prepare a supplement to the report of the Board on the second part of its twenty-fifth session in which would be reproduced certain texts that had been under consideration in connection with agenda item 2, in respect of economic co-operation among developing countries (Conference resolution 127 (V); see part two above, paras. 26 and 95).

The texts submitted as official documents of the session are reproduced in section I of this supplement and the other texts in section II.

I. TEXTS SUBMITTED AS OFFICIAL DOCUMENTS OF THE SESSION

A. Economic co-operation among developing countries

Draft resolution submitted by the Libyan Arab Jamahiriya
on behalf of States members of the Group of 77*

(TD/B/L.639 - 16 September 1982)

The Trade and Development Board,

A

Recalling Conference resolution 48 (III) of 18 May 1972 on trade expansion, economic co-operation and regional integration among developing countries, as well as Conference resolution 127 (V) of 3 June 1979 on economic co-operation among developing countries,

Recalling also the decisions adopted by the Conference on Economic Co-operation among Developing Countries, held at Mexico City in September 1976, 1/ the Manila Declaration and Programme of Action of 7 February 1976 2/, the Arusha Programme for Collective Self-reliance and Framework for Negotiations adopted in February 1979, 3/ as well as the Caracas Programme of Action adopted by the High-level Conference on Economic Co-operation among Developing Countries in May 1981, 4/

Noting that economic co-operation among developing countries is a key element in the strategy for collective self-reliance and an essential component of the International Development Strategy for the Third United Nations Development Decade,

Recognizing that improved economic co-operation among developing countries will make an important contribution to the development of developing countries as well as to the world economy,

Mindful of the importance which the developing countries attach to economic co-operation among themselves and the need to implement UNCTAD's work programme in all the priority areas of economic co-operation among developing countries and in particular in the areas of a global system of trade preferences, co-operation among State trading organizations, multinational production and marketing enterprises and monetary and financial co-operation,

1. Welcomes the initiative of the developing countries in adopting the Caracas Programme of Action on economic co-operation among developing countries;

2. Further welcomes activities undertaken by UNCTAD in the priority areas of its programme of economic co-operation among developing countries in pursuance of the priorities indicated in resolution 1 (I) of the Committee on Co-operation among Developing Countries, the Arusha Programme and Conference resolution 127 (V).

* Pursuant to the Board's invitation at its 598th meeting (see part one above, para. 349 and annex I. Other action, para. 3 (a)), the Secretary-General of UNCTAD submitted a note (TD/B/L.645) setting out the financial and other implications of this draft resolution.

B

Bearing in mind the desire of the developing countries to launch the global system of trade preferences,

1. Requests the Secretary-General of UNCTAD to give priority attention to the implementation of UNCTAD's work programme in the priority areas for economic co-operation among developing countries and in particular the establishment of a global system of trade preferences;
2. Decides to provide additional resources for supporting activities in the area of the global system of trade preferences, including, as and when required, substantive, technical and secretariat support services and other appropriate arrangements that will facilitate negotiations on the global system of trade preferences in pursuance of the objectives of economic co-operation among developing countries;
3. Invites the Secretary-General of UNCTAD to present for the consideration of the Trade and Development Board at its resumed twenty-fifth session the financial and other implications that may arise from the provision of additional resources for UNCTAD's work programme in the area of the global system of trade preferences.

B. Economic co-operation among developing countries

Draft resolution submitted by Norway on behalf
of States members of Group B
(TD/B/L.647 - 20 October 1982)

The Trade and Development Board,

A

Recalling its decision 161 (XVII) of 2 September 1977 by which adopted terms of reference for the Committee on Economic Co-operation among Developing Countries and Conference resolution 127 (V) of 3 June 1979 on economic co-operation among developing countries,

Noting the decisions adopted by the Conference on Economic Co-operation among Developing Countries held in Mexico City in September 1976, 5/ the Manila Declaration and Programme of Action of 7 February 1976, 6/ the Arusha Programme for Collective Self-reliance and Framework for Negotiations adopted in February 1979, 7/ as well as the Caracas Programme of Action adopted by the High-Level Conference on Economic Co-operation among Developing Countries in May 1981, 8/

Noting further that economic co-operation among developing countries is a key element in the strategy for collective self-reliance and an essential component of the International Development Strategy for the Third United Nations Development Decade,

Recognizing that improved economic co-operation among developing countries will make an important contribution to the development of developing countries as well as to the world economy,

Mindful of the importance which developing countries attach to economic co-operation among themselves,

Agrees to the following procedures and understandings:

(a) The Committee on Economic Co-operation among Developing Countries is the organ of UNCTAD which, under the authority of the Board and in accordance with its terms of reference (Board decision 161 (XVII)), deals with the work on economic co-operation among developing countries within UNCTAD and is responsible for considering and making recommendations to the Board to provide, in the field of competence of UNCTAD, as and when requested, support and assistance to developing countries, or groups thereof, for activities related to economic co-operation among developing countries. Under the general authority of the Board, the Committee shall examine preliminary and, at a later stage, final proposals on projects and programmes in the area of economic co-operation among developing countries and shall, fully respecting the dispositions set out in paragraphs (b) to (f) below, establish the detailed conditions attaching to work undertaken in UNCTAD on such projects or programmes. The Committee is open to all UNCTAD members as well as to non-voting participants admitted in accordance with Section II, paragraph 11 of General Assembly resolution 1995 (XIX) of 30 December 1964;

(b) All developing countries are entitled to submit, jointly or in groups, proposals concerning projects and programmes for the consideration of the Committee on Economic Co-operation among Developing Countries any developing country or subgroup of such countries wishing to join in the elaboration and/or implementation of any such projects and programmes may do so, but any participant may refrain from entering into direct negotiations with, or applying concessions to, that country or that subgroup of countries. Proposed extensions of participation shall be indicated to the Committee;

(c) Those States members of, and non-voting participants in, the Committee which do not directly take part in specific projects and programmes are entitled to participate on a non-deliberative basis in meetings, on such specific projects and programmes, authorized by the Board. They agree not to exercise this entitlement in connection with direct negotiations, on the understanding that they have the right to consultations with those which are directly concerned, when they determine that their interests are directly concerned. In any event, nothing shall impede any developing country from offering non-negotiated, non-reciprocal concessions;

(d) Documentation prepared by the UNCTAD secretariat with respect to projects and programmes shall, in accordance with section XVIII of General Assembly resolution 36/235 of 18 December 1981, be given universal distribution, as shall progress and final reports on detailed discussions and negotiations on such projects and programmes among the countries concerned. Documents pertaining to direct negotiations shall be distributed only to those countries participating in these negotiations;

(e) On the basis of a proposal presented by developing countries relating to a project or programme for economic co-operation among developing countries and to the support and assistance required therefor, the Secretary-General of UNCTAD shall

prepare a full report for the consideration of the Committee on Economic Co-operation among Developing Countries. This report shall indicate the total financial requirements of the project or programme as presented and the options for financing the various elements thereof, taking into account resources that might be made available from the regular UNCTAD budget, possible assistance from other competent organs of the United Nations system and the possibility of voluntary contributions from bilateral and multilateral sources. The report shall provide an estimate of the implications for UNCTAD with regard to its budget, to staffing requirements and to the calendar of meetings. The Committee will submit its recommendations to the Board for its decision;

(f) Decisions within UNCTAD concerning economic co-operation among developing countries shall be taken in accordance with the rules of procedure of the Board and of its main Committees. However, members declare their intention of seeking to take such decisions by consensus.

B

Noting the wish of developing countries to move, on the basis of adequate preparation, to the implementation of measures, particularly in the priority areas set out in Conference resolution 127 (V),

Mindful of the need to ensure that the proposed global system of trade preferences facilitates and promotes trade among developing countries while not raising barriers or creating undue difficulties for the trade of third parties, and that adequate opportunity is afforded to interested parties to enter into consultations with respect to any such difficulty that may arise,

Agrees further:

(a) To convene the third session of the Committee on Economic Co-operation among Developing Countries immediately after the sixth session of the Conference with a view to reviewing the work of UNCTAD pertaining to economic co-operation among developing countries and to making recommendations to the Board at its twenty-seventh session concerning the nature, extent and terms of the support to be provided from UNCTAD for negotiations on the global system of trade preferences, on the basis of the proposal to be submitted by the developing countries concerned and of the documentation prepared by the UNCTAD secretariat in accordance with section A, paragraph (e) above;

(b) To request the Secretary-General of UNCTAD to provide, from within existing budgetary resources, the necessary technical support, conference and secretariat services for the holding at the Headquarters of UNCTAD in the Spring of 1983 of a meeting enabling the developing countries wishing to participate in the negotiations on a global system of trade preferences to prepare and finalize a proposal for the launching of such negotiations and to define the nature, scope and extent of the support requested from UNCTAD for them.

C. Economic co-operation among developing countries

Draft proposals submitted by Kuwait on behalf
of State members of the Group of 77
(TD/B (XXV) /CRP.7 - 21 October 1982)

The Trade and Development Board,

A

Recalling General Assembly resolution 34/202 of 19 December 1979 and Conference resolution 127 (V) of 3 June 1979 on economic co-operation among developing countries, and its decision 161 (XVII) 2 September 1977 by which it adopted terms of reference for the Committee on Economic Co-operation among Developing Countries,

Noting the decision adopted by the Conference on Economic Co-operation among Developing Countries held in Mexico City in September 1976, 9/ the Manila Declaration and Programme of Action of 7 February 1976, 10/ the Arusha Programme for Collective Self-Reliance and Framework for Negotiations adopted in February 1979, 11/ as well as the Caracas Programme of Action adopted by the High-Level Conference on Economic Co-operation among Developing Countries in May 1981, 12/

Recognizing that economic co-operation among developing countries is a key element in the strategy for collective self-reliance and an essential component of the International Development Strategy for the Third United Nations Development Decade,

Recognizing further that improved economic co-operation among developing countries will make an important contribution to the development of developing countries as well as to the world economy,

Mindful of the importance which developing countries attach to economic co-operation among themselves,

Reaffirming that efforts by the developing countries to promote economic co-operation among themselves do not diminish the responsibilities of all other countries to establish just and equitable international economic relations,

Agrees to the following procedures and understandings:

(a) The Committee on Economic Co-operation among Developing Countries is the main Committee of UNCTAD which deals with the work on economic co-operation among developing countries and is responsible for considering and making recommendations to provide, as and when requested, support and assistance to developing countries, or groups thereof, for activities related to economic co-operation among developing countries;

(b) All developing countries are entitled to submit, jointly or in groups, proposals concerning projects and/or programmes for the consideration of the Committee on Economic Co-operation among Developing Countries. Any developing country or group of such countries wishing to join in any such project and/or programme may do so on the basis of the agreement of all countries participating in the project and/or programme;

(c) Those States Members of, and non-voting participants in, the Committee on Economic Co-operation among Developing Countries which do not participate in specific projects and/or programmes are entitled to attend, on a non-deliberative basis, plenary meetings relating to such specific projects and/or programmes. This entitlement does not extend to participation in the negotiations themselves;

(d) General and background documentation prepared by the UNCTAD secretariat with respect to projects and/or programmes shall, in accordance with Section XVIII of General Assembly resolution 36/235 of 18 December 1981 be given universal distribution, as shall progress and final reports on the negotiations on such projects and/or programmes among the countries concerned. Documents pertaining to direct negotiations shall be distributed only to those countries participating in the negotiations;

(e) On the basis of a proposal presented to the Committee on Economic Co-operation among Developing Countries by developing countries relating to a project and/or programme for economic co-operation among developing countries and to the support and assistance required therefor, the Secretary-General of UNCTAD shall prepare a report for the consideration of the Committee. This report shall indicate the financial requirements of the project and/or programme as presented and the options for financing the various elements thereof, taking into account resources that might be made available from the regular UNCTAD budget, possible assistance from other competent organs of the United Nations system and the possibility of voluntary contributions from bilateral and multilateral sources. The report shall provide an estimate of the implications for UNCTAD with regard to its budget, to staffing requirements and to the calendar of meetings.

B

Welcoming the conclusion of the preparatory phase of the global system of trade preferences among developing countries set out in Conference resolution 127 (V), and noting the decision of developing countries taken at Ministerial level, on 8 October 1982, to implement the system, 13/

Agrees further:

(a) To request the Secretary-General of UNCTAD to provide, from within existing budgetary resources, the necessary technical support, conference and secretariat services for the holding at the Headquarters of UNCTAD in April 1983 of a meeting enabling the developing countries participating in the negotiations on a global system of trade, preferences, inter alia to define the nature, scope and extent of the support requested from UNCTAD for them;

(b) To convene the third session of the Committee on Economic Co-operation among Developing Countries immediately after the sixth session of the Conference, with a view to reviewing the work of UNCTAD pertaining to economic co-operation among developing countries and to making recommendations to the Board at its twenty-seventh session concerning the nature, extent and terms of the support to be provided from UNCTAD for the negotiations on a global system of trade preferences among developing countries, on the basis of the proposal to be submitted by the developing countries concerned and of the report prepared by the UNCTAD secretariat.

D. Economic co-operation among developing countries

**Draft resolution submitted by Kuwait on behalf of
States members of the Group of 77
(TD/B/L.639/Rev.1 - 26 October 1982)**

The Trade and Development Board,

A

Recalling General Assembly resolution 34/202 of 19 December 1979, Conference resolution 127 (V) of 3 June 1979 and Board decision 161 (XVII) of 2 September 1977 by which it adopted terms of reference for the Committee on Economic Co-operation among Developing Countries,

Noting the decisions adopted by the Conference on Economic Co-operation among Developing Countries held in Mexico City in September 1976, 14/ the Manila Declaration and Programme of Action on 7 February 1976, 15/ the Arusha Programme for Collective Self-Reliance and Framework for Negotiations adopted in February 1979, 16/ as well as the Caracas Programme of Action adopted by the High-Level Conference on Economic Co-operation among Developing Countries in May 1981, 17/

Recognizing that economic co-operation among developing countries is a key element in the strategy for collective self-reliance and an essential component of the International Development Strategy for the Third United Nations Development Decade,

Recognizing further that improved economic co-operation among developing countries will make an important contribution to the development of developing countries as well as to the world economy,

Mindful of the importance which developing countries attach to economic co-operation among themselves,

Reaffirming that efforts by the developing countries to promote economic co-operation among themselves do not diminish the responsibilities of all other countries to establish just and equitable international economic relations,

1. Reaffirms that the Committee on Economic Co-operation among Developing Countries is the main Committee of UNCTAD which, in accordance with the terms of Board decisions 142 (XVI) and 161 (XVII), deals with the work on economic co-operation among developing countries and is responsible for considering and taking decisions to provide, as and when requested, support and assistance to developing countries, or groups thereof, for activities related to economic co-operation among developing countries;

2. Agrees to the following:

(a) All developing countries are entitled to submit, jointly or in groups, proposals concerning projects and/or programmes for the consideration of the Committee on Economic Co-operation among Developing Countries. Any developing country or group of such countries wishing to join in any such project and/or programme may do so on the basis of the agreement reached through consultations

between the requesting country or group and the group of parties to the project and/or programme;

(b) Those States members of, and non-voting participants in, the Committee on Economic Co-operation among Developing Countries which are not parties to specific projects and/or programmes may attend, on a non-deliberative basis, plenary meetings relating to such specific projects and/or programmes. They shall not attend the negotiations themselves. States not parties to a project and/or programme may request a formal exchange of views with the group of parties to that project and/or programme on any part of it, relevant to them, on the understanding that such exchanges do not constitute a review procedure;

(c) General and background documentation prepared by the UNCTAD secretariat with respect to projects and/or programmes shall, in accordance with section XVIII of General Assembly resolution 36/235 of 18 December 1981, be given universal distribution, as shall progress and final reports on such projects and/or programmes among the countries concerned. Documents pertaining to direct negotiations shall be distributed only to those countries parties to the negotiations;

(d) On the basis of a proposal presented by developing countries or groups thereof to the Committee on Economic Co-operation among Developing Countries relating to a project and/or programme on economic co-operation among developing countries and to the support and assistance required therefor, the Secretary-General of UNCTAD shall prepare, at the request of the Committee, a report for its consideration. This report shall indicate the financial requirements of the projects and/or programmes as presented and the options for financing the various elements thereof, taking into account resources that might be made available from the regular UNCTAD budget, possible assistance from other competent organs of the United Nations system and the possibility of voluntary contributions from bilateral and multilateral sources. The report shall provide an estimate of the implications for UNCTAD with regard to its budget, to staffing requirements and to the calendar of meetings. When adopting the project and/or programme the Committee will, keeping in view the work programme and the budgetary possibilities of UNCTAD, establish the general guidelines under which support and assistance will be provided to the project and/or programme concerned.

B

Welcoming the conclusions of the preparatory phase of the global system of trade preferences among developing countries set out in Conference resolution 127 (V), and noting the decision of developing countries taken at Ministerial level on 8 October 1982 to commence negotiations for the establishment of a global system of trade preferences, 18/

Agrees further to:

1. Request the Secretary-General of UNCTAD to provide, from within existing budgetary resources, the necessary technical support, conference and secretariat services for the holding at the Headquarters of UNCTAD in April 1983 of a meeting enabling the developing countries participating in the negotiations on a global system of trade preferences inter alia to define the nature, scope and extent of the support requested from UNCTAD for them;

2. Convene the third session of the Committee on Economic Co-operation among Developing Countries immediately after the sixth session of the Conference, with a view to reviewing the work of UNCTAD pertaining to economic co-operation among developing countries and to making recommendations to the Board at its twenty-seventh session concerning the nature, extent and terms of the support to be provided from UNCTAD for the negotiations on a global system of trade preferences among developing countries, on the basis of the proposal to be submitted by the developing countries concerned and of the report prepared by the UNCTAD secretariat.

E. Economic co-operation among developing countries

Amendments to draft resolution TD/B/L.639/Rev.1 submitted by Norway
on behalf of States members of Group B*
(TD/B/L.649 - 26 October 1982)

Section A, preamble

Sixth paragraph, line 2: delete other

Section A, operative paragraphs

Paragraph 1

Line 4: after responsible insert inter alia

Paragraph 2 (a): Replace by one of the following two alternatives:

Alternative 1 (consensus)

All developing countries are entitled to submit, jointly or in groups, proposals concerning projects and programmes for the consideration of the Committee on Economic Co-operation among Developing Countries. Any developing country or subgroup of such countries wishing to join in the elaboration and/or implementation of any such projects and programmes may do so, but any many refrain from entering into direct negotiations with that country or subgroup of countries. Proposed extensions of participation shall be reported to the Committee.

Alternative 2 (less than consensus)

All developing countries are entitled to submit, jointly or in groups, proposals concerning projects and/or programmes for the consideration of the Committee on Economic Co-operation among Developing Countries. Any developing country or group of such countries wishing to join in any such project and/or programme has the right to do so; joining in the project and/or programme is based on mutual agreement reached through consultations between the requesting country or group and the group of participating parties. Participants have

* For the text of draft resolution TD/B/L.639/Rev.1, see section D above.

the sovereign right to refrain from entering into direct negotiations with or from applying concessions to any developing country or group of such countries wishing to join in a project and/or programme. The requesting country or group or the participating parties may indicate the result of such consultations to the Committee on Economic Co-operation among Developing Countries which must in any event be informed when additional support and assistance for the project and/or programme is implied. It is understood that several projects and/or programmes might be established in the same or a similar area of work, without excluding the possibility of their being operationally related or merged at a later stage.

Paragraph 2 (b)

Line 3: replace on a non-deliberative basis by as observers

Line 4: delete plenary

Lines 4-5: replace They shall not by They agree not to

Line 5: after States add members and non-voting participants

Line 6: Replace may request by have the right to

Paragraph 2 (c)

Line 1: delete General and background

Line 4: after reports on insert discussions and negotiations on

Paragraph 2 (d)

Line 5: delete at the request of the Committee

Line 14: replace general by specific

Section B, preamble

Line 1: replace Welcoming by Noting

Line 3: before developing countries insert a group of

Add a second preambular paragraph:

Mindful of the need to ensure that the proposed global system of trade preferences shall be designed to facilitate and promote trade among developing countries and not raise barriers to or create undue difficulties for the trade of third parties,

Section B, operative paragraphs

Paragraph 1

Line 3: after meeting insert on a global system of trade preferences

Lines 4-5: replace the negotiations on a global system of trade preferences by accordance with the modalities described in section A

Last line: for support requested from UNCTAD for them
read support to be requested from UNCTAD for the elaboration, implementation and negotiation of a global system of trade preferences.

F. Economic co-operation among developing countries

Draft resolution submitted by Kuwait on behalf of
States members of the Group of 77
(TD/B/L.639/Rev.2 - 27 October 1982)

This draft resolution was adopted by a roll-call vote at the Board's 602nd meeting, on 28 October 1982. For the result of the vote and statements made before and after adoption of the resolution see the report of the Board on the second part of its twenty-fifth session (in part two above), paragraphs 22-94. For the text of the resolution see annex I to that report (ibid.), resolution 264 (XXV).

II. OTHER TEXTS

A. Proposal by China 19/

During the President's consultations on the draft proposal submitted by the Group of 77 in document TD/B (XXV)/CRP.7 (see sect. I above), the delegation of China suggested that in section A, sub-paragraph (b) of the operative paragraph, the words "agreement of all countries participating in the project and/or programme" in the fourth and fifth lines be replaced by "agreement reached through consultations between the requesting country or group and the existing group".

B. Proposal by Group D 20/

Group D put forward the following observations on resolution 264 (XXV) adopted by the Board (draft resolution TD/B/L.639/Rev.2):

Comments by Group D on resolution 264 (XXV) (draft resolution TD/B/L.639/Rev.2)

Section A

Sixth preambular paragraph, line 2: The word "other" should be deleted, on the understanding that the responsibility to establish just and equitable international economic relations rests with all countries.

A new preambular paragraph should be added in accordance with what has been agreed in the negotiations that economic co-operation among developing countries should not be conceived as creating undue obstacles to the legitimate trade and economic interests of third countries, but rather should have trade-creating effects through a strengthening of the economies of developing countries and by raising the standard of living of their populations. This new paragraph should read: "Mindful of the need that this co-operation should not create undue difficulties for the economic interests of third countries".

Paragraph 1: This paragraph goes beyond the terms of reference of the Committee as established by Board decision 161 (XVII). Therefore in line 2 "the" should be replaced by "a" and "UNCTAD" by "the Board". The text should thus read: "... the Committee on Economic Co-operation among Developing Countries is a main Committee of the Board which deals with the work on ...

Paragraph 2 (a), line 1: After "groups" there should be added the phrase "consisting of countries from different geographical regions", since UNCTAD's activities in the field of ECDC should be on a global scale, as for example the GSTP, while regional or subregional projects or programmes can more appropriately be dealt with by the regional commissions of the United Nations.

Paragraph 2 (b), line 1: A new notion of "non-voting participants" is introduced which is neither precisely defined nor used in General Assembly resolution 1995 (XIX) establishing UNCTAD as an organ of the General Assembly and setting out its general rules of procedure. Therefore "non-voting participants" should be replaced by "other participants admitted in accordance with General Assembly resolution 1995 (XIX)".

Paragraph 2 (d) should be completed by the following: "When adopting the project and/or programme the Committee will, keeping in view the work programme and the budgetary possibilities of UNCTAD, establish guidelines under which support and assistance will be provided to the project and/or programmes concerned. Financing of such project and/or programme should not lead to an increase in the over-all United Nations budget".

Section B

Preamble: The text should be replaced by: "Noting the decision of the Group of 77 to proceed, in keeping with Conference resolution 127 (V), to the negotiation and implementation of a global system of trade preferences designed to promote and facilitate a substantial expansion of trade among developing countries."

C. Text prepared by the President of the Board for possible adoption by consensus

The text reproduced below is an amended version (after the meeting of the President's Working Group on 25 October 1982) of the text which was considered during the President's consultations.

The Trade and Development Board,

A

Recalling General Assembly resolution 34/202 of 19 December 1979, Conference resolution 127 (V) of 3 June 1979 and Board decision 161 (XVII) of 2 September 1977 by which it adopted terms of reference for the Committee on Economic Co-operation among Developing Countries,

Noting the decisions adopted by the Conference on Economic Co-operation among Developing Countries held in Mexico City in September 1976, 21/ the Manila Declaration and Programme of Action of 7 February 1976, 22/ the Arusha Programme for Collective Self-Reliance and Framework for Negotiations adopted in February 1979, 23/ as well as the Caracas Programme of Action adopted by the High Level Conference on Economic Co-operation among Developing Countries in May 1981, 24/

Recognizing that economic co-operation among developing countries is a key element in the strategy for collective self-reliance and an essential component of the International Development Strategy for the Third United Nations Development Decade,

Recognizing further that improved economic co-operation among developing countries will make an important contribution to the development of developing countries as well as to the world economy,

Mindful of the importance which developing countries attach to economic co-operation among themselves,

Reaffirming that efforts by the developing countries to promote economic co-operation among themselves do not diminish the responsibilities of all other

countries in the establishment of just and equitable international relations, and mindful of the need for this co-operation not to create undue difficulties for the economic interests of third countries,

Agrees to the following procedures and understandings:

(a) The Committee on Economic Co-operation among Developing Countries, as a main Committee of the Board and in accordance with the terms of Trade and Development Board decisions 142 (XVI) and 161 (XVII), is the principal organ in UNCTAD which deals with the work on economic co-operation among developing countries, considering and providing, in the field of competence of UNCTAD, as and when requested, support and assistance to developing countries, or groups thereof, for activities related to economic co-operation among developing countries. It is open to all members of UNCTAD, as well as to non-voting participants in accordance with section II, paragraph 11, of General Assembly resolution 1995 (XIX) of 30 December 1964;

(b) All developing countries are entitled to submit, jointly or in groups, proposals concerning projects and/or programmes for the consideration of the Committee on Economic Co-operation among Developing Countries. Any developing country or group of such countries wishing to join in any such project and/or programme has the right to do so on the basis of sovereign equality. On the other hand, parties to the project and/or programme have the sovereign right to refrain from entering into negotiations with or from applying concessions to any developing country or group of such countries wishing to join in a project and/or programme. Joining in the project and/or programme is based on mutual agreement, reached through consultations between the requesting country or group and the countries parties to the project and/or programme. The requesting country or group, or the parties may indicate the result of such consultations to the Committee, which must in any event be informed when the act by a developing country or group of such countries of joining in a project and/or programme implies additional support and assistance for the project and/or programme concerned. It is understood that several projects and/or programmes might be established in the same or a similar area of work, without excluding the possibility of their being operationally related or merged at a later stage;*

(c) Those States members of, and non-voting participants in, the Committee on Economic Co-operation among Developing Countries which do not take part in specific projects and/or programmes are entitled to attend as observers meetings dealing with such specific projects and/or programmes. They agree not to attend the negotiations themselves; it is understood that any State member or non-voting participant which does not take part in the project and/or programme concerned may, when it deems that the results reached are of special economic interest to it, have an exchange of views on the subject with any party to the project and/or programme. The decision on whether a meeting deals with the negotiations themselves belongs to the parties; any State member or non-voting participant which does not take part in the project and/or programme concerned, if it considers that such a decision was unjustified, may draw the matter to the attention of the Committee;

* This sentence describes the so-called "scheme of olynouc rings".

(d) Documentation prepared by the UNCTAD secretariat with respect to projects and/or programmes, other than that pertaining to the negotiations themselves, shall, in accordance with section XVIII of General Assembly resolution 36/235 of 18 December 1981, be given universal distribution, as shall progress and final reports on negotiations on such projects and/or programmes. The decision on whether a document pertains to the negotiations themselves belongs to the parties to the project and/or programme. Any State member or non-voting participant which does not take part in the project and/or programme concerned, if it considers that such a decision was unjustified, may draw the matter to the attention of the Committee on Economic Co-operation among Developing Countries;

(e) On the basis of a proposal presented by developing countries or groups thereof to the Committee on Economic Co-operation among Developing Countries relating to a project and/or programme of economic co-operation among developing countries and to the support and assistance required therefor, the Secretary-General of UNCTAD shall prepare, at the request of the Committee, a report for its consideration. This report shall indicate the financial requirements of the projects and/or programme as presented and the options for financing the various elements thereof, taking into account resources that might be made available from the regular UNCTAD budget, possible assistance from other competent organs of the United Nations system and the possibility of voluntary contributions from bilateral and multilateral sources. The report shall provide an estimate of the implications from UNCTAD with regard to its budget, to staffing requirements and to the calendar of meetings. When adopting the project and/or programme the Committee will, keeping in view the work programme and the budgetary possibilities of UNCTAD, establish the detailed conditions under which support and assistance will be provided to the project and/or programme concerned.

B

Noting the decision of a group of developing countries to proceed, in keeping with Conference resolution 127 (V), to the negotiation and implementation of a global system of trade preferences among developing countries designed to promote and facilitate a substantial expansion of trade among such countries,

Agrees further:

(a) To request the Secretary-General of UNCTAD to provide, from within existing budgetary resources, the necessary technical support, conference and secretariat services for the holding at the Headquarters of UNCTAD in April 1983 of a meeting which, in accordance with the modalities described in section A, paragraph (c) above, will be open to all UNCTAD members and non-voting participants and will enable the group of developing countries concerned (which shall notify the Secretary-General of UNCTAD before the end of 1982 of its decision mentioned above) to indicate the nature, scope and extent of the support that it will be requesting from UNCTAD for negotiations on the global system of trade preferences at the third session of the Committee on Economic Co-operation among Developing Countries;

(b) To convene the third session of the Committee on Economic Co-operation among Developing Countries immediately after the sixth session of the Conference, with a view to examining the work of UNCTAD pertaining to economic co-operation among developing countries and to establishing the detailed conditions under which support and assistance are to be provided from UNCTAD for negotiations on the

global system of trade preferences, on the basis of the proposals to be submitted by the group of developing countries concerned and of the report to be prepared by the Secretary-General of UNCTAD.

D. Text emerging from consultations among delegations

The text reproduced below (which bore the unofficial symbol UNCTAD/CA/2070) resulted from further consultations among delegations and was circulated informally on 27 October 1982. Further, negotiations on the basis of this text ceased when draft resolution TD/B/L.639/Rev.2 was submitted.

The Trade and Development Board,

A

Recalling General Assembly resolution 34/202 of 19 December 1979, Conference resolution 127 (V) of 3 June 1979 and Board decision 161 (XVII) of 2 September 1977 by which it adopted terms of reference for the Committee on Economic Co-operation among Developing Countries,

Noting the decisions adopted by the Conference on Economic Co-operation among Developing Countries held in Mexico City in September 1976, 25/ the Manila Declaration and Programme of Action of 7 February 1976, 26/ the Arusha Programme for Collective Self-Reliance and Framework for Negotiations adopted in February 1979, 27/ as well as the Caracas Programme of Action adopted by the High Level Conference on Economic Co-operation among Developing Countries in May 1981, 28/

Recognizing that economic co-operation among developing countries is a key element in the strategy for collective self-reliance and an essential component of the international development strategy,

Recognizing further that improved economic co-operation among developing countries will make an important contribution to the development of developing countries as well as to the world economy,

Mindful of the importance which developing countries attach to economic co-operation among themselves,

Stressing that economic co-operation among developing countries does not substitute for the common responsibility of all countries to establish just and equitable international economic relations,

Taking into account the interrelationship of trade among developing countries and their trade with third countries,

1. Reaffirms that the Committee on Economic Co-operation among Developing Countries is a main Committee of the Board which, in accordance with the terms of Board decisions 142 (XVI) and 161 (XVII), deals with the work on economic co-operation among developing countries, and is also responsible for considering and taking decisions to provide, as and when requested, support and assistance to developing countries, or groups thereof, for activities related to economic co-operation among developing countries;

2. Agrees to the following:

(a) All developing countries were entitled to submit, jointly or in groups, proposals concerning projects and/or programmes for the consideration of the Committee on Economic Co-operation among Developing Countries. Any developing countries or group of such countries wishing to join in any such project and/or programme may do so [after] [on the basis of agreement reached through] consultations between the requesting country or group and the group of parties to the project and/or programme, but no party or group of parties participating in the project and/or programme is under any obligation to enter into negotiations with any country or group of countries;

(b) Those States members which are not parties to specific projects and/or programmes, as well as participants admitted in accordance with General Assembly resolution 1995 (XIX), may attend, [as observers], meetings relating to such specific projects and/or programmes but will not attend the negotiations themselves. States not parties to a project and/or programme will, on request, have a formal exchange of views with the group of parties to that project and/or programme on any part of it, relevant to them, on the understanding that such exchanges do not constitute a review procedure;

(c) Documentation prepared by the UNCTAD secretariat with respect to projects and/or programmes shall, in accordance with paragraph 297 of the report of the Committee for Programme and Co-ordination on the work of its twenty-first session 29/ as endorsed in General Assembly resolution 36/235, section XVIII, be given universal distribution, as shall progress and final reports on such projects and/or programmes. Documents pertaining to the negotiations themselves shall be distributed only to those countries parties to the negotiations;

(d) On the basis of a proposal presented by developing countries or groups thereof to the Committee on Economic Co-operation among Developing Countries relating to a project and/or programme on economic co-operation among developing countries and to the support and assistance required therefore, the Secretary-General of UNCTAD shall prepare a report for its consideration. This report shall indicate the financial requirements of the projects and/or programmes as presented and the options for financing the various elements thereof, taking into account resources that might be made available from the regular UNCTAD budget, possible assistance from other competent organs of the United Nations system and the possibility of voluntary contributions from bilateral and multilateral sources. The report shall provide an estimate of the implications for UNCTAD with regard to its budget, to staffing requirements and to the calendar of meetings. When adopting the project and/or programme the Committee will, keeping in view the work programme and the budgetary possibilities of UNCTAD, establish guidelines under which support and assistance will be provided to the project and/or programme concerned.

B

Welcoming the conclusion of the preparatory phase of the work on the global system of trade preferences among developing countries set out in Conference resolution 127 (V),

Noting the decision of the Group of 77 taken at Ministerial level on 8 October 1982 to commence negotiations for the establishment of a global system of trade preferences among themselves, and the invitation to all developing countries contained therein,

Agrees further, in accordance with section A above;

(a) To request the Secretary-General of UNCTAD to provide, from within existing budgetary resources, the necessary technical support, conference and secretariat services for the holding at the headquarters of UNCTAD in April 1983 of a meeting enabling the developing countries participating in the negotiations or a global system of trade preferences inter alia to define the nature, scope and extent of the support requested from UNCTAD for them;

(b) To convene the third session of the Committee on Economic Co-operation among Developing Countries immediately after the sixth session of the Conference, with a view to reviewing the work of UNCTAD pertaining to economic co-operation among developing countries and to making recommendations to the Board at its twenty-seventh session concerning the nature, extent and terms of the support to be provided from UNCTAD for negotiations on the global system of trade preferences, on the basis of the proposal to be submitted by the developing countries concerned and of the report prepared by the UNCTAD secretariat.

Notes

1/ See TD/B/628 (circulated to the members of the General Assembly as A/C.2/31/7).

2/ Proceedings of the United Nations Conference on Trade and Development, Fourth Session, vol. I, Report and Annexes (United Nations publication, Sales No. E.76.II.D.10), annex V.

3/ Ibid., Fifth Session, vol. I, Report and Annexes (United Nations publication, Sales No. E.79.II.D.14), annex VI.

4/ A/36/333 and Corr.1.

5/ See TD/B/628 (circulated to the members of the General Assembly as A/C.2/31/7).

6/ Proceedings of the United Nations Conference on Trade and Development, Fourth Session, vol. I, Report and Annexes (United Nations publication, Sales No. E.76.II.D.10), annex V.

7/ Ibid., Fifth Session, vol. I, Report and Annexes (United Nations publication, Sales No. E.79.II.D.14), annex VI.

8/ A/36/333 and Corr.1.

9/ See TD/B/628 (circulated to the members of the General Assembly as A/C.2/31/7).

10/ Proceedings of the United Nations Conference on Trade and Development, Fourth Session, vol. I, Report and Annexes (United Nations publication, Sales No. E.76.II.D.10), annex V.

11/ Ibid., Fifth Session, vol. I, Report and Annexes (United Nations publication, Sales No. E.79.II.D.14), annex VI.

12/ A/36/333 and Corr.1.

13/ See A/37/544.

14/ See TD/B/628 (circulated to the members of the General Assembly as A/C.2/31/7).

15/ Proceedings of the United Nations Conference on Trade and Development, Fourth Session, vol. I, Report and Annexes (United Nations publication, Sales No. E.76.II.D.10), annex V.

16/ Ibid., Fifth Session, vol. I, Report and Annexes (United Nations publication, Sales No. E.79.II.D.14), annex VI.

17/ A/36/333 and Corr.1.

18/ See A/37/544.

19/ See part two above, paras. 92 and 95.

20/ Ibid., paras. 53 and 95.

21/ See TD/B/628 (circulated to the members of the General Assembly as A/C.2/31/7).

22/ Proceedings of the United Nations Conference on Trade and Development, Fourth Session, vol. I, Report and Annexes (United Nations publication, Sales No. E.76.II.D.10), annex V.

23/ Ibid., Fifth Session, vol. I, Report and Annexes (United Nations publication, Sales No. E.79.II.D.14), annex VI.

24/ A/36/333 and Corr.1.

25/ See TD/B/628 (circulated to the members of the General Assembly as A/C.2/31/7).

26/ Proceedings of the United Nations Conference on Trade and Development, Fourth Session, vol. I, Report and Annexes (United Nations publication, Sales No. E.76.II.D.10), annex V.

27/ Ibid., Fifth Session, vol. I, Report and Annexes (United Nations publication, Sales No. E.79.II.D.14), annex VI.

28/ A/36/333 and Corr.1.

29/ Official Records of the General Assembly, Thirty-sixth Session, Supplement No. 38 (A/36/38).

كيفية الحصول على منشورات الأمم المتحدة

يمكن الحصول على منشورات الأمم المتحدة من المكتبات ودور التوزيع في جميع أنحاء العالم - استلم منها من المكتبة التي تتعامل معها أو اكتب إلى : الأمم المتحدة ، قسم البيع في نيويورك أو في جنيف .

如何购取联合国出版物

联合国出版物在全世界各地的书店和经售处均有发售。请向书店询问或写信到纽约或日内瓦的联合国销售组。

HOW TO OBTAIN UNITED NATIONS PUBLICATIONS

United Nations publications may be obtained from bookstores and distributors throughout the world. Consult your bookstore or write to: United Nations, Sales Section, New York or Geneva.

COMMENT SE PROCURER LES PUBLICATIONS DES NATIONS UNIES

Les publications des Nations Unies sont en vente dans les librairies et les agences dépositaires du monde entier. Informez-vous auprès de votre libraire ou adressez-vous à : Nations Unies, Section des ventes, New York ou Genève.

КАК ПОЛУЧИТЬ ИЗДАНИЯ ОРГАНИЗАЦИИ ОБЪЕДИНЕННЫХ НАЦИЙ

Издания Организации Объединенных Наций можно купить в книжных магазинах и агентствах во всех районах мира. Наводите справки об изданиях в вашем книжном магазине или пишите по адресу: Организация Объединенных Наций, Секция по продаже изданий, Нью-Йорк или Женева.

COMO CONSEGUIR PUBLICACIONES DE LAS NACIONES UNIDAS

Las publicaciones de las Naciones Unidas están en venta en librerías y casas distribuidoras en todas partes del mundo. Consulte a su librero o diríjase a: Naciones Unidas, Sección de Ventas, Nueva York o Ginebra.
