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ON TRADE AND DEVELOPMENT**

**REPORT
OF THE TRADE
AND DEVELOPMENT BOARD**

22 September 1971 – 25 October 1972

GENERAL ASSEMBLY

OFFICIAL RECORDS: TWENTY-SEVENTH SESSION

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NOTE

Symbols

All United Nations documents are designated by symbols composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document. The documents of the United Nations Conference on Trade and Development, the Trade and Development Board and its 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/-
Sessional Committees of the Board	TD/B/SC.../-
Committee on Commodities	TD/B/C.1/-
Permanent Group on Synthetics and Substitutes	TD/B/C.1/SYN/-
Committee on Manufactures	TD/B/C.2/-
Special Committee on Preferences	TD/B/AC.5/-
Committee on Invisibles and Financing related to Trade	TD/B/C.3/-
Committee on Shipping	TD/B/C.4/-
Intergovernmental Group on the Transfer of Technology	TD/B/AC.11/-
Information series of the Board	TD/B/INF.-
Non-governmental organization series of the Board	TD/B/NGO/-

The texts of documents selected for inclusion in the printed *Proceedings* of the second session of the Conference have appeared in five volumes, as follows: *Proceedings of the United Nations Conference on Trade and Development, Second Session*, vol. I, *Report and Annexes* (United Nations publication, Sales No.: E.68.II.D.14), containing *inter alia* the Conference's resolutions and decisions; vol. II, *Commodity problems and policies* (United Nations publication, Sales No.: E.68.II.D.15); vol. III, *Problems and policies of trade in manufactures and semi-manufactures* (United Nations publication, Sales No.: E.68.II.D.16); vol. IV, *Problems and policies of financing* (United Nations publication, Sales No.: E.68.II.D.17); vol. V, *Special problems in world trade and development* (United Nations publication, Sales No.: E.68.II.D.18).

Symbols referring to resolutions and decisions of the sessions of the Conference consist of an arabic numeral followed by "(II)" or "(III)" as the case may be, thus 1 (II), 2 (II), 36 (III), 37 (III), 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 of the debates in the plenary meetings of the Conference and its committees, and of the Board and its main committees, are referred to by the appropriate symbol of the body in question (see above) followed by the letters "SR".

For each session of the Board a prefatory fascicle is issued as part of the *Official Records of the Trade and Development Board*. The fascicle contains a table of contents of the summary records of the session; the list of participants at 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 fascicles pertaining to the relevant agenda item.

Supplements

The *Official Records* of the Board include numbered supplements to the twelfth regular session and, where appropriate, the reports of certain subsidiary organs of the Board. A list of these supplements is given below:

Supplement No.	Twelfth session	Document No.
1	Resolutions and decisions adopted by the Board during the first part of its twelfth session	TD/B/423
2	Report of the Committee on Invisibles and Financing related to Trade on its fifth session	TD/B/395
3	Report of the Committee on Shipping on its second special session	TD/B/402

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ABBREVIATIONS

CESI	Centre for Economic and Social Information
ECE	Economic Commission for Europe
EEC	European Economic Community
GATT	General Agreement on Tariffs and Trade
FAO	Food and Agriculture Organization of the United Nations
IBRD	International Bank for Reconstruction and Development
ILO	International Labour Organisation
IMF	International Monetary Fund
OECD	Organisation for Economic Co-operation and Development
SDRs	Special drawing rights
UNCITRAL	United Nations Commission on International Trade Law
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNIDO	United Nations Industrial Development Organization
WIPO	World Intellectual Property Organization

PREFATORY NOTE

The eighth 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. It was adopted by the Board at its 342nd meeting, on 25 October 1972. 2/ The report covers the period which has elapsed since 21 September 1971, and consists of the report on the first part of the twelfth regular session of the Board, held at Geneva from 3 to 25 October 1972.

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

Report in document

Committee on Invisibles and Financing related to Trade	Fifth session	1-14 December 1971	TD/B/395
Committee on Shipping	Second special session	3-7 July 1972	TD/B/402
Advisory Committee to the Board and to the Committee on Commodities	Seventh session	10-14 July 1972	<u>3/</u>

1/ The seven previous reports, covering respectively the periods 1 January to 29 October 1965, 31 October 1965 to 24 September 1966, 25 September 1966 to 9 September 1967, 10 September 1967 to 23 September 1968, 24 September 1968 to 23 September 1969, 24 September 1969 to 13 October 1970, and 14 October 1970 to 21 September 1971, are contained in Official Records of the General Assembly, Twentieth Session, Supplement No. 15 (A/6023/Rev.1); ibid., Twenty-first Session, Supplement No. 15 (A/6315/Rev.1 and Corr.1); ibid., Twenty-second Session, Supplement No. 14 (A/6714); ibid., Twenty-third Session, Supplement No. 14 (A/7214); ibid., Twenty-fourth Session, Supplement No. 16 (A/7616 and Corr.2); ibid., Twenty-fifth Session, Supplement No. 15 (A/8015/Rev.1 and Corr.1); and ibid., Twenty-sixth Session, Supplement No. 15 (A/8415/Rev.1).

2/ See part one, para. 312 below.

3/ See part one, paras. 213 and 214 below.

Part One

REPORT OF THE TRADE AND DEVELOPMENT BOARD ON THE
FIRST PART OF ITS TWELFTH SESSION

Held at the Palais des Nations, Geneva,
from 3 to 25 October 1972

INTRODUCTION

1. In conformity with the decision taken by the United Nations Conference on Trade and Development at its third session concerning the revised calendar of meetings for the remainder of 1972, the Trade and Development Board held the first part of its twelfth regular session from 3 to 25 October 1972 at the Palais des Nations, Geneva. 1/

2. The General Assembly adopted resolution 2904 (XXVII) on 26 September 1972 at its 2041st plenary meeting, by which it acted to give effect to the recommendation made by the Conference in its resolution 80 (III) for the enlargement of the membership of the Trade and Development Board by amending paragraph 5 of General Assembly resolution 1995 (XIX) to read: "The Board shall consist of sixty-eight members elected by the Conference from among its membership...". The Conference, at its 119th meeting had provisionally, and subject to the decision of the General Assembly, elected 68 States to membership of the Board. 2/ By virtue of the Assembly's action, these 68 States immediately became members of the Board.

3. At the 313th meeting (the opening meeting of the twelfth session) on 3 October 1972, Mr. Hortencio J. Brillantes (Philippines), President of the eleventh session, made a statement in which he drew attention to some important events affecting international trade and development that had taken place since the close of the third session of the Conference. He referred to meetings of the International Monetary Fund and the International Bank for Reconstruction and Development, to preparations for the projected multilateral trade negotiations and to the United Nations Cocoa Conference. He stressed that the Board's task at its twelfth session was essentially to translate into action the decisions, resolutions and recommendations adopted by the Conference at its third session. He expressed the hope that the numerical enlargement of the Board would be accompanied by greater effectiveness of its action.

4. At the same meeting, Mr. Diego Garcés (Colombia) was elected President of the Board by acclamation, and made a statement. He considered that three topics, which were closely interrelated, deserved the greatest attention: the reform of the international monetary system; the multilateral trade negotiations; and access to markets for primary commodities, price policies and intergovernmental consultations concerning such commodities. He expressed the hope that the liberalization of international trade would benefit all countries and that the decisions of the Board at its twelfth session would not disappoint the aspirations of three-quarters of mankind for a better life and for a just and rational international division of labour. 3/

1/ For a full account of the proceedings during the first part of the Board's twelfth session, see the summary records of the 313th to 342nd meetings (TD/B/SR.313-SR.342).

2/ For the list of States provisionally elected by the Conference as members of the Board, see resolutions and decisions of the Conference, "Other Decisions". For the list of members who attended the Board's twelfth session, see chapter V, section E, below.

3/ For a more complete account of the statement, see the summary record of the 313th meeting (TD/B/SR.313).

PART ONE

CHAPTER I

MATTERS ARISING FROM THE RESOLUTIONS, RECOMMENDATIONS
AND OTHER DECISIONS ADOPTED BY THE CONFERENCE AT ITS
THIRD SESSION REQUIRING ATTENTION AND ACTION BY THE
TRADE AND DEVELOPMENT BOARD

(Agenda item 4)

5. The Board considered this item at its 314th to 341st meetings, from 4 to 23 October 1972.

6. Introducing the discussion on this item, the Secretary-General of UNCTAD made an oral statement, 4/ in which he elaborated on the written statement which he had submitted to the Board. 5/ In the course of his oral statement, he referred to the efforts to build a new international monetary system and said that, if such a system were to be equitable and lasting, it should take the interests of developing countries fully into account. He stressed that, by reason of their economic weakness, the developing countries, and in particular the least developed among them and the land-locked countries, needed special assistance if they were to raise the standard of living of their peoples. Unfortunately, the developed countries had entered into no new commercial or financial commitments at the third session of the Conference, but a constructive and fruitful dialogue had taken place on a number of other matters of concern to developing countries.

7. It was important that the scope of the forthcoming negotiations in the trade, monetary and finance spheres should be so defined as to include:

"1. Better arrangements for the expansion of the international commodity trade at stable and remunerative prices;

"2. Application and improvement of the Generalized System of Preferences;

"3. Arrangements for the progressive liberalization of non-tariff barriers to the exports of the developing countries;

"4. Achievement of the target of 1 per cent for capital flow and of 0.7 per cent for official development assistance;

"5. Establishment of a link between special drawing rights and additional development financing."

4/ The text of the oral statement was circulated under the symbol TD/B(XII)/Misc.6 and Corr.1. See also the summary record of the 314th meeting (TD/B/SR.314).

5/ For the text of the written statement, see annex II below.

8. He welcomed the establishment of the Committee of Twenty within the International Monetary Fund, which provided for the representation of developing countries in the decision-making process for international monetary reform. Responding to the invitation of the Chairman of the Committee, he said that he would be glad to participate in its work. Ideas such as that of a link between the creation of special drawing rights and additional development finance were gaining ground.

9. With reference to Conference resolution 84 (III), paragraph 7, he reported on the consultations which he had conducted with the executive heads of the International Monetary Fund (IMF) and the General Agreement on Tariffs and Trade (GATT) and which had revealed a wide community of aims. Both had expressed a preference for informal and pragmatic consultations among the three bodies and did not think that a formal arrangement involving governments would be feasible. Each agency head would be free to enter into such consultations with government representatives in the respective agency as he might deem necessary, and the three of them could maintain the contacts required. Despite the evident difficulties, ways and means could be devised of associating Governments in these co-ordination efforts, and he hoped that the Board would give him the guidelines required to enable him to pursue his consultations. Arrangements for co-ordination could not be centralized in any one agency, although each agency should, within its field of competence, help to ensure that these arrangements operated efficiently.

10. In this context, he attached particular importance to the relationship between multilateral trade negotiations and UNCTAD's work in the fields of commodity trade and trade in manufactures and semi-manufactures. The secretariat was stepping up its efforts to help developing countries prepare for the multilateral trade negotiations, in accordance with Conference resolution 82 (III), and would seek to enlist the assistance of the United Nations Development Programme (UNDP) to this end.

11. Precisely because the outcome of the third session of the Conference had fallen short of expectations, the permanent machinery of UNCTAD had a particular responsibility to accomplish some of the things which had been left undone at Santiago. He looked to the present session of the Board to give the subsidiary bodies and the secretariat firm guidelines concerning the way and the direction in which the decisions and recommendations of the Conference were to be carried into effect.

12. The spokesman for the Latin American countries drew attention to the document approved by the Special Committee for Latin American Co-ordination at its fourteenth session, entitled "Evaluation of UNCTAD III and Programme of Action" (TD/B/L.294).

13. In considering the matters covered by this item, the Board followed broadly the order suggested by the secretariat (TD/B/403/Add.1, annex II), subject to certain adjustments. In the present chapter the essence of the remarks made by the representatives on particular subjects is given under appropriate headings. As regards particular points made in statements by individual delegations, reference should be made to the summary records of the meetings at which the item was discussed. 6/

6/ See the summary records of the relevant meetings: TD/B/SR.314-320, 322-328, 330-336, 337, 338, 340.

A. Multilateral trade negotiations

14. In conformity with Conference resolution 82 (III) the Secretary-General of UNCTAD had submitted a report 7/ describing the steps he had taken to assist the developing countries in their preparations for the multilateral trade negotiations to be conducted under the auspices of GATT and the consultations he had held with the Director-General of GATT and the representatives of developing countries on this and other relevant matters.

15. Commenting on this report, the representatives who spoke on this matter commended the Secretary-General on the efforts he had made.

16. The representatives of developed market economy countries considered that, in the light of the Secretary-General's report, the provisions of Conference resolution 82 (III) were being carried into effect in a most constructive way. They referred in this connexion to the preparatory work on techniques and modalities for negotiations in the GATT Committee on Trade in Industrial Products and the Committee on Trade in Agricultural Products and considered that this constituted an important stage in the negotiations. They called on all developing countries to respond favourably to the invitation from the Director-General of GATT to be associated with the preparatory work. They added that their Governments were prepared, in the context of the negotiations, to take into account the interests of the developing countries and not to request reciprocity from the developing countries which would be inconsistent with their trade and development needs. They supported efforts by the Secretary-General of UNCTAD to establish close contact and collaboration with the Director-General of GATT in regard to the assistance which GATT and UNCTAD should afford the developing countries during the various stages of the negotiations. They considered that the Board needed only to take note with satisfaction of the Secretary-General's report.

17. The representatives of the developing countries, while expressing appreciation for what had been done to assist these countries in their preparations for the negotiations, considered that greater efforts would have to be made to give full effect to the provisions of Conference resolution 82 (III). They advocated that the negotiations should result in no detriment or loss to the trading interests of the developing countries and should not in any way cause any erosion or dilution of the benefits of the generalized system of preferences, and that in the eventuality of such erosion there should be established adequate mechanisms for compensation. They expressed the view that the negotiations should not be limited to the achievement of further expansion and liberalization of international trade but should equally have the result of securing for the developing countries an increasing share in the growth of world trade. Many of them expressed the view that, depending on the existence of adequate conditions, the developing countries would decide whether to participate in the 1973 negotiations. They stressed that the principles governing the negotiations should be "preferential treatment", "non-reciprocity" and "non-discrimination" in favour of developing countries. It was suggested that the negotiations might offer the opportunity for revising the General Agreement on Tariffs and Trade so as to incorporate these principles. They stressed the need for the full and effective participation of all developing

7/ Official Records of the Trade and Development Board, Twelfth Session, First part, Annexes, agenda item 4, document TD/B/415 and Add.1.

countries in the various stages of the preparations for the negotiations. They emphasized that these countries, whether or not members of GATT, should benefit from the results of the multilateral trade negotiations. They requested that the scope of the negotiations should cover primary products, including those from tropical zones, processed primary products, semi-manufactures and manufactures and tariffs and non-tariff barriers affecting the interests of the developing countries. They considered that the implementation or improvement of a scheme of preferences should be no means be regarded as a concession to the developing countries in the 1973 negotiations. They requested that the developing countries should be provided by the UNCTAD secretariat with a list of the relevant documents to be prepared in connexion with the negotiations, and that precise indications be given regarding the timing of the issue of the documents. In addition, they requested that the scope and specific nature of the technical assistance to be provided to developing countries during the various stages of the negotiations should be clearly indicated. They referred also to the connexion between the intergovernmental consultations on commodities envisaged within UNCTAD and the multilateral trade negotiations and to the importance of the co-ordination of efforts in these interrelated fields. They called on the Board at the current session to focus attention on how Conference resolution 82 (III) could be fully implemented and to make positive proposals in this regard.

18. The representatives of some developing countries stated that developing countries not members of GATT should not be required to accede to the General Agreement as a prerequisite of their participation in the trade negotiations in 1973. They added that these countries' accession to the General Agreement should be determined by each State and that, at least so far as their countries were concerned, this accession would depend on the satisfactory result of those negotiations for their countries and for the developing countries as a whole.

19. The representatives of the socialist countries of Eastern Europe stated that the multilateral trade negotiations should, inter alia, take due account of Conference resolution 53 (III) on trade among countries having different economic and social systems and should also lead to better normalization of international economic relations, greater expansion of international trade and the removal of all forms of discrimination in trade. They expressed grave doubts as to the usefulness of such negotiations if there was not at the same time an agreement on international arrangements for commodities and for manufactured goods also. They urged the UNCTAD secretariat to assist the developing countries in all stages of their preparations for the negotiations, within the scope of the existing work programme and budget of UNCTAD. They also stressed that, according to resolution 82 (III), the Board should regularly consider and keep under constant review the preparations for the multilateral trade negotiations. They believed that the role of UNCTAD in these negotiations should be strengthened in the interest of all participants and of international trade. They considered that the adoption of Conference resolution 82 (III) was eloquent testimony of the fact that UNCTAD was the most universal and representative organization for promoting the normalization and strengthening of trade and economic relations among all States.

20. The representative of a socialist country of Eastern Europe stated that his country, as a socialist developing country, associated itself entirely with the demands expressed by other developing countries and stressed the need for improved access to markets for all developing countries, irrespective of their economic and social system and without reciprocity.

21. The representative of a developing socialist country of Asia stated that his country would not participate in the multilateral trade negotiations at present. He nonetheless expressed support for the just and legitimate claims of the developing countries in these negotiations. He observed that the forthcoming negotiations should not in any way impair the interests of developing countries. He referred to Conference resolution 82 (III) as an important framework within which the Secretary-General of UNCTAD should continue to offer assistance to the developing countries in all the stages of the negotiations. He requested that the Secretary-General should keep the implementation of that resolution under constant review.

22. The representative of the European Economic Community expressed satisfaction with the initial progress made in the implementation of Conference resolution 82 (III) and expected that the measures already taken would permit all the developing countries, whether or not members of GATT, to participate fully in the preparation of the trade negotiations. Concerning the co-operation between the Secretary-General of UNCTAD and the Director-General of GATT he hoped that the contacts already established in this matter would continue with positive results for the developing countries. He expressed the hope that the developing countries not contracting parties to the General Agreement would respond favourably to the invitation to be associated with the negotiations which had been extended to them by the Director-General of GATT.

23. At the 333rd meeting, on 18 October 1972, the Trade and Development Board was informed that a draft resolution entitled "Multilateral trade negotiations" (TD/B/L.307) had been submitted by 39 developing countries members of the Board. This draft resolution was referred to the Board's contact group for consideration.

24. At the same meeting, the Board was informed that a draft resolution (TD/B/L.304) relating to co-ordination of efforts to deal with questions arising in connexion with the forthcoming multilateral trade negotiations and discussions on monetary reform had been submitted by 39 developing countries members of the Board. This draft resolution was also referred to the Board's contact group for further consideration.

25. At the same meeting, the spokesman for the Latin American countries members of the Board introduced a draft resolution (TD/B/L.305) urging the Government of the United States of America to implement its scheme of generalized preferences.

Action by the Board

26. With regard to draft resolution TD/B/L.305, the Board was informed at its 341st meeting, on 23 October 1972, that the draft resolution had been withdrawn. The President stated that the Board agreed to express its satisfaction with the advances registered in the implementation of the different schemes of preferences. The great majority of the members of the Board agreed also to urge strongly the countries which had not as yet put into force their schemes of preference to do so as soon as possible in 1972 or 1973.

27. The spokesman for the developing countries of Latin America stated that the sponsors had agreed to withdraw the draft resolution (TD/B/L.305) in view of the statement made by the President; that the countries of Latin America expressed their satisfaction with some recent events connected with the implementation of

some of the schemes of preferences and, particularly, with the initiation of the internal process for the application of the Canadian scheme. At the same time, they felt bound to note once again, with regret, that the United States of America was still not putting into effect its scheme, despite the commitments made at the time of the adoption of Board resolution 75 (S-IV) and reiterated in Conference resolution 77 (III).

28. The representative of Spain stated that he supported the President's statement and expressed regret that some preference-giving countries or groups of countries did not apply their respective schemes to all countries which had asked to be beneficiaries; he mentioned by name and thanked the countries which accorded preferential treatment to Spain.

29. The representatives of Greece, Malta, Romania and Turkey associated themselves mutatis mutandis with the statement of the representative of Spain.

30. So far as draft resolution TD/B/L.307 was concerned, the sponsors announced that, in view of the outcome of the consultations in the contact group, they withdrew that draft resolution. 8/ The President submitted, and the Board approved, the text (TD/B/L.312) of agreed conclusions on multilateral trade negotiations. 9/

31. The representative of the United States of America dissociated his delegation from the statement, for in its opinion the trade negotiations were within the competence of GATT, which UNCTAD should not infringe. Moreover, he questioned the wisdom of hasty drafting of resolutions on matters of such importance without sufficient time for study or reference to governments.

32. It was stated on behalf of most of the socialist countries of Eastern Europe that these countries had no objection to the agreed conclusions though they did not consider themselves in any way bound by the reference to the documents mentioned in paragraph 2 thereof.

33. The spokesman for the Latin American countries members of the Board stated that these countries had accepted the agreed conclusions even though they fell somewhat short of their objectives. He formally requested that the Secretary-General of UNCTAD should transmit the agreed conclusions adopted by the Board to the Director-General of GATT, for submission to the Contracting Parties at their twenty-eighth session.

34. The representative of the European Economic Community, referring to the agreed conclusions, stated that the Community attached particular importance to the participation of developing countries, whether members of GATT or not, in the multilateral trade negotiations to be held under the auspices of GATT. The first conference of Heads of State or Government of the members of the enlarged Community, held in Paris on 19 and 20 October 1972, had confirmed the Community's desire for the full participation of the developing countries in the preparation and conduct of the negotiations to be held in the framework of GATT. Accordingly,

8/ For the text of draft resolution TD/B/L.307, see annex VI below.

9/ For the text of the agreed conclusions, see annex I below.

the Community would support any technical assistance that might be accorded to the developing countries for this purpose. The Community reiterated its hope that the Secretary-General of UNCTAD and the Director-General of GATT, and their respective secretariats, would continue to co-operate in a manner that would benefit the developing countries.

35. The representatives of a number of developed market economy countries stressed the importance of the developing countries associating themselves with the negotiations which would take place in the framework of GATT and expressed the hope that through those negotiations the means would be found of increasing the export earnings of developing countries. At the 341st meeting on 23 October 1972, the representative of Canada made an interpretative statement on the agreed conclusion.

36. At the same meeting, with reference to the subject matter of draft resolution TD/B/L.304, the President drew attention to the text contained in document TD/B/L.311, which he had worked out in the course of consultations within the contact group.

37. The spokesman for the developing countries of Africa members of the Board stated that, in the opinion of these countries, the document which should appropriately be considered by the Board at this juncture was TD/B/L.304. In their opinion, document TD/B/L.311 was not properly before the Board inasmuch as it did not reflect a true consensus, the African countries not being prepared to support it.

38. The spokesman for the developing countries of Asia moved that document TD/B/L.311 be put to the vote first. Subsequently, he announced that the countries of Asia had ceased to be sponsors of draft resolution TD/B/L.304.

39. The spokesman for the Latin American countries stated that these countries felt bound by the consensus reached in the contact group and considered that document TD/B/L.311 superseded other proposals relating to the same subject; he added that in consequence the countries of Latin America no longer sponsored document TD/B/L.304.

40. The President ruled that document TD/B/L.311 was properly before the Board.

41. The spokesman for the developing countries of Asia announced that those countries were sponsoring draft resolution TD/B/L.311 and that they would not participate in any vote relating to any proposal other than that in document TD/B/L.311. The representative of a developing socialist country of Asia stated that his delegation would not take part in the vote, mainly because the International Monetary Fund had hitherto failed to implement General Assembly resolution 2758 (XXVI), and his delegation had not participated in the vote on Conference resolution 84 (III).

42. After a procedural debate, in the course of which a motion by the representative of Italy under rule 42 to close the debate on this matter was defeated by 19 votes to 33, with 8 abstentions, the spokesman for the countries in Group B repeated that almost all members of the Group supported draft resolution TD/B/L.311 as a basis for a wide consensus in the Board. Since it appeared that such a consensus could not be reached at this stage, he formally

proposed that consideration of the texts in TD/B/L.304 and TD/B/L.311 be deferred until the resumed twelfth session of the Board, which was to be convened for one day immediately after its fifth special session scheduled for April 1973 in order to consider the report of the Working Party on the work programme of UNCTAD, and that this resumed session should be prolonged for three or four days. At the same time, he moved under rule 56, paragraph 1, that his proposal be put to the vote first.

43. By a roll-call vote of 43 to none, with 7 abstentions, the Board decided that the proposal of the spokesman for the countries in Group B be put to the vote first. 10/

44. By a roll-call vote of 32 to none, with 18 abstentions, the Board adopted that proposal. 11/ 12/

10/ The voting was as follows:

In favour: Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, Colombia, Denmark, Ecuador, Ethiopia, Finland, France, Gabon, Germany (Federal Rep. of), Ghana, Greece, Guatemala, Ireland, Italy, Japan, Kenya, Libyan Arab Republic, Madagascar, Mexico, Netherlands, New Zealand, Nigeria, Norway, Peru, Senegal, Spain, Sudan, Sweden, Switzerland, Turkey, Uganda, United Kingdom of Great Britain and Northern Ireland, United States of America, Upper Volta, Uruguay, Venezuela, Zaïre.

Against: None.

Abstaining: Bulgaria, Czechoslovakia, Hungary, Poland, Romania, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics.

11/ The voting was as follows:

In favour: Australia, Austria, Belgium, Canada, Denmark, Ethiopia, Finland, France, Gabon, Germany (Federal Rep. of), Ghana, Greece, Ireland, Italy, Japan, Kenya, Libyan Arab Republic, Madagascar, Netherlands, New Zealand, Nigeria, Norway, Senegal, Spain, Sudan, Sweden, Switzerland, Turkey, Uganda, United Kingdom of Great Britain and Northern Ireland, Upper Volta, Zaïre.

Against: None.

Abstaining: Argentina, Bulgaria, Brazil, Chile, Czechoslovakia, Colombia, Ecuador, Guatemala, Hungary, Mexico, Peru, Poland, Romania, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United States of America, Uruguay, Venezuela.

12/ For the texts of documents TD/B/L.304 and L.311, see annex IV below.

45. On the suggestion of the spokesman for the countries in Group B, the President proposed that the Board should decide to express its appreciation for the efforts undertaken by the Secretary-General of UNCTAD in pursuance of paragraph 7 of resolution 84 (III) and request him to continue and further develop his consultations with the Managing Director of the IMF and the Director-General of GATT, as required; and request him to submit reports to members of UNCTAD when he considered it necessary and, in the intervals between sessions of the Board, to utilize fully existing procedures and mechanisms for consultations. This proposal was adopted by the Board.

B. International monetary situation

46. In pursuance of Conference resolution 84 (III) the Secretary-General of UNCTAD had submitted a report 13/ in which he described the results of his consultations with the Managing Director of IMF and the Director-General of GATT concerning co-ordination in the monetary, trade and finance spheres.

47. The representatives who spoke on this matter expressed appreciation of the Secretary-General's efforts to improve co-ordination, as manifested by his participation in the Committee of Twenty, and urged him to continue his consultations and to inform the Board of further developments in the GATT and IMF.

48. The representatives of several developing countries considered that co-ordination in the monetary, trade and finance spheres should take place in a joint forum with adequate representation of developing countries and that this co-ordination should be carried out at both the intergovernmental and secretariat levels. They suggested that, since the problems of co-ordination required continuous action on the part of all international organizations concerned, it might be necessary to set up an appropriate high-level body in UNCTAD which would be the counterpart in UNCTAD of corresponding bodies in IMF and possibly in GATT. The representatives of the developing countries welcomed the establishment of the Committee of Twenty by the Governors of IMF, which they considered to be a step forward in ensuring the participation of developing countries in the decision-making process of IMF. In addition, some of them considered the Committee of Twenty as the proper forum for the co-ordinated discussion of these interrelated matters. The representatives of some developing countries warned that mere participation would not guarantee that the coming negotiations would lead to reforms reflecting fully the interests of developing countries. They stressed that the new monetary system should be conducive to the stable expansion of international trade and of the international flow of capital. They observed that the distribution of the recent increase in international liquidity was not equitable to developing countries and considered that the establishment of a link between the creation of special drawing rights (SDRs) and additional development finance would be a desirable measure. They expressed satisfaction with the increasing acceptance of this concept of a link by the world community.

49. The representatives of other developing countries, in expressing their views on the matter, indicated that, though they recognized the close relationship

13/ Official Records of the Trade and Development Board, Twelfth Session, First part, Annexes, agenda item 4, document TD/B/412.

existing between international monetary and commercial fields, as well as between these and the international financial and investment spheres, negotiations in the various fields were not necessarily linked to each other.

50. The representative of a developing socialist country of Asia expressed support for the developing countries' demand to participate fully in the reform of the international monetary system. He considered that the present modalities of discussion on monetary matters had not broken free from the old formula which allowed international financial decisions to be monopolized by a very few countries through the IMF. He brought to the notice of the Board the fact that the IMF had hitherto failed to expel a representative already expelled from the United Nations in accordance with General Assembly resolution 2758 (XXVI). He voiced the need for a world monetary conference with the participation of all countries on an equal basis. He considered that, before the reform of the international monetary system was carried out, the developing countries' demand for the establishment of a link between the creation of SDRs and additional development finance should be heeded. He stated that Conference resolution 58 (III) concerning compensation for losses occasioned by the realignment of major currencies should be implemented. He hoped that developing countries would unite to play an active role in reforming the international monetary system.

51. The representatives of developed market economy countries expressed their satisfaction at the establishment of the Committee of Twenty. They considered that the participation of developing countries in the decision-making process in the international monetary field was a positive result of the third session of the Conference and that it symbolized that the issues being considered by the Committee of Twenty were of great interest to developed and developing countries alike. They believed that co-ordination in the monetary, trade and finance spheres could be carried out through the existing international machinery. In the light of the attendance of the Secretary-General of UNCTAD and the Director-General of GATT at the meeting of the Committee of Twenty, and of the authority given in Conference resolution 84 (III) for continued consultations, the representatives of some developed countries considered that no further action was needed by the Board on this subject. While some support was expressed by the representatives of some developed market economy countries for the link between the creation of SDRs and additional financial resources for developing countries, other views stressed the need for building up confidence in SDRs and for avoiding the creation of inflationary pressures which might adversely affect the interests of those countries. The representative of a developed market economy country pointed out the importance of the report on the reform of the international monetary system proposed by the Executive Directors of the Fund, which would serve as a basic document in the coming exercise concerning international monetary reform.

52. The representatives of the socialist countries of Eastern Europe stressed the need for the co-operation of all interested countries in working out the reform of the international monetary system. They also stressed the need for a greater role for UNCTAD in any such reform. They expressed their understanding for the developing countries' demand to participate in the decision-making process in the new monetary system. The representatives of some socialist countries of Eastern Europe expressed doubts about the viability of the proposed solutions for monetary reform and the effectiveness of the Committee of Twenty in dealing with problems which affected the interests of all countries in the

world. They voiced concern about the effectiveness of SDRs as a form of international liquidity; expressed the wish for an enhanced role of gold in the new monetary system; and urged an end to the speculative flow of capital and the monopolistic position of one currency in international transactions.

53. At its 333rd meeting, on 18 October 1972, the Board was informed that a draft resolution concerning compensation for losses occasioned by the realignment of major currencies (TD/B/L.308) had been submitted by 15 developing countries of Africa members of the Board.

Action by the Board

54. At the Board's 341st meeting, on 23 October 1972, it was agreed, with the concurrence of the sponsors, that consideration of draft resolution TD/B/L.308 should be deferred until the Board's thirteenth regular session. 14/

C. Economic co-operation in merchant shipping

55. The President drew attention to Conference resolution 71 (III) by which the Board was requested to give certain directives to the Committee on Shipping.

Action by the Board

56. At its 319th meeting, on 9 October 1972, the Board, in conformity with resolution 71 (III), decided to instruct the Committee on Shipping within its terms of reference:

(a) To establish which subjects may be suitable and ripe for harmonization, taking into account in particular the interests of developing countries, and avoiding duplication of work being done in other international bodies;

(b) To prepare a work programme and to establish priorities for examining such subjects;

(c) To set in train the necessary work on the subjects and to report any findings or conclusions to the Board, to enable the latter to determine which of these should be transmitted to the Conference at its fourth session, for it to consider what action would be appropriate.

57. The representative of a socialist country of Eastern Europe, speaking at the 320th meeting on 9 October 1972, expressed the opinion that, in view of the importance and the urgency of the matter, the Committee on Shipping should take action at its next session.

D. Transfer of technology

58. The President drew attention to Conference resolution 39 (III) which in paragraph 1 endorsed the programme of work of UNCTAD, to be pursued on a continuing

14/ For the text of draft resolution TD/B/L.308, see annex V below.

basis, approved unanimously by the Intergovernmental Group on Transfer of Technology at its organizational (first) session, and in paragraph 2 instructed the Board to ensure that the continuing nature of UNCTAD's functions in this field would be reflected in the institutional arrangements in UNCTAD.

59. Representatives of several developing countries drew attention to the progressive broadening, clarification and elaboration of UNCTAD's mandate in the field of the transfer of technology. They said that, since the resolution expressly recognized the permanent competence of UNCTAD in the transfer of technology, and since the Conference had requested the Board to make appropriate institutional arrangements for UNCTAD's work, the time was propitious for the Board to decide on the transformation of the Intergovernmental Group into a main committee of the Board.

60. The representatives underlined the importance to the developing countries of the work programme and associated budgetary requirements which had been submitted to the Board. In their view it was clearly necessary for the Board to approve the minimal requests for additional resources, since without those resources it would be quite impossible for the secretariat to execute the work programme, and efforts by any country or group of countries to withhold the necessary financial support would be in clear contradiction to the unanimous agreements achieved in the Intergovernmental Group and at the third session of the Conference.

61. The representative of one developing country supported the co-operation between the secretariats of UNCTAD and the World Intellectual Property Organization (WIPO) in undertaking a study on the role of patents in the transfer of technology. He considered that it would be valuable if UNCTAD could broaden the scope of its activities to include the establishment of regional or international centres for science and technology; to facilitate contacts between technology-suppliers and technology-seekers; to obtain financing for research required by developing countries; to direct the work of the UNCTAD body concerned with the transfer of technology; and to co-operate with other organizations in implementing the World Plan of Action for the Application of Science and Technology to Development.

62. The representative of another developing country expressed particular interest in the possibilities, included in UNCTAD's programme of work, for creating technology transfer centres, patent banks and technological information centres. He considered that the exploration of possible bases for new international legislation regarding transfer of technology from developed to developing countries was of considerable importance. He added that, in elaborating its work in this field, the secretariat should also take careful note of the opportunities to provide help to the least developed among the developing countries.

63. The danger of espionage under the cover of a transfer of technology was mentioned by the representative of another developing country, who said that foreign personnel working in his country had been given access to information which had been used to support aggressive measures against his country by imperialist powers and that this aggression had disorganized the educational and economic system of his country.

64. The representatives of developed market economy countries stated that the adoption of resolution 39 (III) had been one of the positive achievements of the third session of the Conference. It was generally agreed that UNCTAD had a permanent role to play in this field and also that the institutional arrangements should reflect the continuing nature of UNCTAD's work. They added, however, that it was not clear as yet what the most appropriate institutional arrangements might be. The representatives of a number of developed market economy countries stated that if the Intergovernmental Group, after having held two substantive sessions, recommended its transformation into a permanent body, the request would be considered in a positive way.

65. The representative of a developing socialist country of Asia emphasized that the technological backwardness of the developing countries was due to the plunder by colonialist and neo-colonialist powers. He considered that technical assistance projects should be chosen and decided upon by the recipient countries in the light of their human and natural resources, technical level and the requirements of their national economic development.

66. The representative of a socialist country of Eastern Europe stressed the necessity of a comprehensive approach by UNCTAD to the problem of the transfer of technology.

67. At the 333rd meeting, on 18 October 1972, the spokesman for the Latin American countries members of the Board introduced a draft resolution entitled "Transfer of technology" (TD/B/L.306) proposing that the Board should transform the Intergovernmental Group on Transfer of Technology forthwith into a main committee of the Board. Subsequently, all the developing countries members of the Board announced that they had become sponsors of the draft resolution.

Action by the Board

68. At the Board's 341st meeting, on 23 October 1972, the President suggested, in the light of consultations in the contact group, and the Board agreed, that consideration of draft resolution TD/B/L.306 should be deferred until the Board's thirteenth regular session. 15/

E. Trade and economic aspects of disarmament

69. The Board considered this subject at its 322nd meeting, on 10 October 1972, in the light of Conference resolution 44 (III) by which the Conference had decided that the Board should keep the question under continuous review and had requested the Secretary-General of UNCTAD to continue studies concerning the positive effects of disarmament on international trade and economic relations.

70. There was an exchange of views on this subject.

15/ For the text of draft resolution TD/B/L.306, see annex V below.

F. Financial resources for development

71. The discussion on this subject was based on Conference resolutions 59 (III) concerning the increasing burden of debt-servicing in developing countries, and 61 (III) on financial resources for development: total inflow of public and private resources. 16/ In connexion with resolution 61 (III), a note on aid and flow targets 17/ had been submitted by the secretariat.

72. The representatives of several developing countries expressed great concern about the rapidly increasing burden of debt servicing which was a major hindrance to economic development. They expressed misgivings about the prospects for increases in official development assistance, which made it all the more necessary to provide debt-relief on a long-term basis when required. They also emphasized that the developing countries should adopt policies for increasing their export earnings and that the developed countries should reduce tariff and non-tariff barriers to exports from developing countries. One of these representatives referred to the recommendations on the debt problem by the Pearson Commission. 18/

73. The representatives of several developing countries referred to paragraph 6 of resolution 59 (III), and urged that the special body called for in that paragraph be set up in the form of an intergovernmental group during the current session of the Trade and Development Board.

74. The representatives of a number of developed market economy countries expressed certain reservations about the creation of a new body to consider the debt-servicing problems of developing countries. They considered that debt problems could not be handled in the light of general principles, or on the basis of automatic criteria, but required consideration in the specific circumstances of each case as it arose and that any discussion in UNCTAD of the matter should not impede operational activities undertaken in the field by other bodies, such as the IBRD group. The representatives of some developed market economy countries stated that the matter should be considered by the Committee on Invisibles and Financing related to Trade, and it was premature to take any action before considering the findings of that Committee.

75. The representatives of developing and several developed market economy countries supported an early examination in an intergovernmental group of the basic concepts underlying the aid volume targets within the International Development Strategy for the Second United Nations Development Decade. In the view of most of these representatives, the targets should be defined only in terms of flows which were strictly concessional in nature and subject to effective government control; private investment flows should be excluded from the concept of aid because they satisfied neither of these conditions. They suggested that

16/ See the summary records of the 322nd and 340th meetings (TD/B/SR.322 and SR.340).

17/ Official Records of the Trade and Development Board, Twelfth Session, First part, Annexes, agenda item 4, document TD/B/401.

18/ Commission on International Development, Partners in Development (New York, Praeger Publishers, Inc., 1969), chap. 8.

such targets for official development assistance should be calculated net of amortization and interest payments on account of official development credits. The representatives of some developing countries thought that there was a case for setting up the group at expert rather than at intergovernmental level.

76. The representatives of some developed countries considered that it was premature to consider changing the official aid target of the International Development Strategy. Some of these representatives stated that the first priority for all donor countries should be the attainment of the existing aid targets rather than their revision, and that the establishment of a group to consider the matter would be premature; moreover, a better understanding and basis for any further action could emerge from consideration of the subject in the Committee on Invisibles and Financing related to Trade.

77. The representative of a developing socialist country of Asia stressed that all forms of international assistance should strictly respect national sovereignty and help the developing countries to achieve independence and self-reliance. Referring to debt problems, he pointed out that donor countries should make full allowance for the debtor countries' difficulties and should not press them for debt servicing. The representative of one developing country supported the view expressed in the foregoing remarks.

78. At the 333rd meeting of the Board, on 18 October 1972, the spokesman for twelve developing countries of Asia members of the Board introduced a draft resolution entitled "Financial resources for development" (TD/B/L.303). Subsequently a revised draft resolution (TD/B/L.303/Rev.2) was submitted, sponsored by the developing countries members of the Board and by Denmark, Finland, Norway and Sweden.

79. Also at the 333rd meeting, the spokesman for the developing countries of Asia members of the Board introduced a draft resolution entitled "The increasing burden of debt-servicing in developing countries" (TD/B/L.302).

Action by the Board

80. At the 340th meeting, on 20 October 1972, the President suggested, in the light of consultations conducted in the contact group, and the Board agreed, that draft resolution TD/B/L.302 should be referred to the Committee on Invisibles and Financing related to Trade for consideration at its sixth session, on the understanding that that session would be held in June or July 1973. 19/ 20/

81. At the same meeting, the Board adopted draft resolution TD/B/L.303/Rev.2 by 51 votes to none, with 10 abstentions. 21/

82. The representative of Italy, explaining his delegation's abstention in the vote on draft resolution TD/B/L.303/Rev.2, stated that, firstly, the text referred

19/ For the revised calendar of meetings, see annex I below, decision 93 (XII).

20/ For the text of draft resolution TD/B/L.302, see annex VII below.

21/ For the text of the resolution as adopted, see annex I below, decision 91 (XII).

to Conference resolution 61 (III) which Italy had been unable to support and, secondly, that the Government of Italy had repeatedly announced that while making every effort to attain the targets fixed for the flow of financial aid, it could not as yet enter into firm commitments as regards time or volume.

83. The representative of Belgium, explaining why he had asked for a vote and also his delegation's abstention in the vote on draft resolution TD/B/L.303/Rev.2, stated that his delegation disliked an ostensible consensus accompanied by reservations. Even though his delegation agreed on the principle and even though Belgium was well on the way to achieving the targets referred to in the International Development Strategy, he considered that the adoption of the draft resolution had been over-hasty and left a number of points unclear. For example, what would be the task of the group of experts? When would the experts meet? He added that his delegation wished to enter express reservations concerning what had been called "the hypertrophy of UNCTAD" and the undue multiplicity of its meetings and the proliferation of its resolutions.

84. The representative of Japan, explaining his delegation's abstention in the vote on draft resolution TD/B/L.303/Rev.2, stated that his delegation considered it more urgent at the stage of the first cycle of the over-all review of the Strategy to concentrate on efforts to attain the existing targets before attempting to revise them. He also expressed concern that discussion on the revision of targets might have the adverse effect of discouraging the aid effort of those donor countries which had accepted the targets and were striving to achieve them.

85. The representative of Denmark, explaining that the Nordic countries were sponsors of the draft resolution, expressed the hope that the Secretary-General of UNCTAD would take account of the work being done in the organizations which were co-ordinating and promoting the efforts to achieve the development of the developing countries.

86. The representative of Canada stated that in his delegation's opinion it might be counterproductive at that stage to consider the question of targets for the flow of aid. He added that, while the targets might be desirable, his Government could not agree to any time limit for their attainment. However, his Government had not wanted to stand in the way of the majority if it wished to examine those concepts, although it would have preferred a discussion of the matter in the Committee on Invisibles and Financing related to Trade.

87. At the 340th meeting, a number of other delegations made statements in explanation of their votes.

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

88. The Secretary-General of UNCTAD informed the Board of progress made by the secretariat in studies of the possible economic consequences of the commercial exploitation of the resources of the sea-bed in the area beyond national jurisdiction. He emphasized that Conference resolution 51 (III) reinforced the need arising out of General Assembly resolution 2750 (XXV) for the UNCTAD secretariat to make its best contribution on the question.

89. The representative of a developed market economy country stated that the significance of the concept of the resources of the international area of the sea-bed being the common heritage of mankind had been seriously impaired by unilateral extensions of the limits of national jurisdiction, and that further studies by the secretariat should encompass the economic consequences of the exploitation of the entire sea-bed.

90. The representative of one developing country stated, however, that the concept of the limits of national jurisdiction was still in the process of evolution.

91. The representatives of developing countries reiterated their view that, as the international commodity policy aspects of the commercial exploitation of the international zone of the sea-bed fell within the competence of UNCTAD, the permanent machinery of UNCTAD should keep under review the issues that would arise. They stressed the need for, and the importance of, secretariat studies in this connexion, having special regard to the interests of the developing countries. They felt that the studies warranted a high priority and acquired increased urgency as a result of the intensive experimental efforts to produce minerals from the sea-bed that were being undertaken by some developed market economy countries. Some of those representatives, referring to Conference resolution 52 (III) and General Assembly resolution 2574 (XXIV), said that all Governments should observe the moratorium on the exploitation of the sea-bed beyond national jurisdiction, in accordance with those resolutions.

Action by the Board

92. At the 325th meeting, on 12 October 1972, the President stated that the subject was one of major and continuing concern to the United Nations as a whole and to UNCTAD in particular. He suggested, and the Board agreed, that the Board should take note of the account given by the Secretary-General of UNCTAD of the work being done by the secretariat concerning the subject. He expected that, as the work proceeded, the Secretary-General would propose specific and detailed measures in this connexion, after having carried out the studies provided for in Conference resolution 51 (III), and would be guided in this respect by views expressed by members of the Board in the course of the debate. The Board would accordingly revert to the matter at later sessions.

H. Developing countries' trade centres

93. At the third session of the Conference a draft resolution 22/ concerning the establishment of developing countries' trade centres had been submitted. The Conference had decided with the agreement of the sponsors that the draft resolution should be referred to the Board for further consideration. 23/

94. The representative of a developed market economy country and the representatives of several developing countries, sponsors of the draft resolution,

22/ See Proceedings of the United Nations Conference on Trade and Development, Third Session, vol. I, Report and Annexes (United Nations publication, Sales No E.73.II.D.4), annex VIII, document TD/L.78/Rev.1.

23/ Ibid., para. 227.

stated that the proposal was for trade centres to be established not only in Western Europe but also in North America, Japan and other developed areas. Referring to paragraph 2 of the draft resolution, they thought that a working party of government experts in the field of trade promotion might be appointed in connexion with the joint UNCTAD/GATT Advisory Group on the International Trade Centre.

Action by the Board

95. The sponsors suggested, and the Board agreed, that consideration of the draft resolution should be deferred until the thirteenth session of the Board.

I. Least developed and land-locked developing countries

96. Representatives of all groups of countries expressed full support for the special measures in favour of the least developed countries called for in Conference resolution 62 (III).

97. The representatives of the developing countries who spoke on this question emphasized the need for action to implement the measures called for; they pointed out that the developed countries had not as yet implemented Conference resolution 62 (III) owing to the short time which had elapsed since its adoption. Some of these representatives, while welcoming the action taken by the Governing Council of UNDP at its fourteenth session, considered it insufficient in relation to the needs, and expressed the hope that additional resources would be made available to UNDP. Some of the representatives expressed the view that what needed to be done was already sufficiently well known to permit immediate action, and that undue emphasis on the need for further studies and on absorptive capacity should not be used as an excuse for postponing action.

98. The representatives of some developing countries stressed the need for adequate resources to be made available in order to enable the Secretary-General of UNCTAD to take the measures requested of him and in this connexion made reference to the need for detailed country studies as a basis for an effective programme of financial and technical assistance. With respect to technical assistance, those representatives also stressed the important role that UNCTAD could play in the areas within its competence. They also referred to the UNDP country studies which were under way, and expressed the view that those studies, which were at present limited to six countries, should be extended to all the least developed countries.

99. Those representatives stressed the important role of commercial policy in the context of special measures. They emphasized that early action should be taken to implement the provisions of resolution 62 (III) regarding commodities and finance. In this connexion, some of them stated that in the forthcoming multilateral trade negotiations special consideration should be given to the least developed countries.

100. The representatives of some developing countries stressed the importance of informing the Board of measures undertaken or envisaged by Governments and international organizations, including the International Bank for Reconstruction and Development (IBRD), the International Monetary Fund (IMF), the General

Agreement on Tariffs and Trade (GATT), the Food and Agriculture Organization of the United Nations (FAO), the International Labour Organisation (ILO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the Organisation for Economic Co-operation and Development (OECD), the Council for Mutual Economic Assistance and the International Bank for Economic Co-operation, as well as the United Nations Development Programme (UNDP) and the United Nations Industrial Development Organization (UNIDO), as called for in resolution 62 (III), and emphasized the role that the Secretary-General of UNCTAD could play in initiating and co-ordinating action with respect to special measures. Some of those representatives, while referring to the need to protect the interests of all developing countries, emphasized the importance of the additionality of the special measures for the least developed among them.

101. The representatives of the developed market economy countries who spoke on this subject welcomed the decisions taken by the Governing Council of UNDP at its fourteenth session as an important beginning in the implementation of resolution 62 (III). At the same time, some of those representatives recognized that it was still too early to evaluate fully the effects of the resolution. They and the representative of UNDP noted that, since the third session of the Conference, UNDP had programmed additional resources for the least developed countries, and expressed the hope that the forthcoming pledging conference of UNDP would produce additional resources. The representative of one developed market economy country reiterated a statement which his Government's representative had made at the fourteenth session of the Governing Council of UNDP to the effect that, if resources of UNDP did not increase sufficiently to permit the required increase in resources for the least developed countries, his Government was prepared to consider earmarking funds for those countries.

102. The representatives of some developed market economy countries stressed the important role of technical assistance in special measures which would be taken for the least developed countries, and referred to the need to increase the absorptive capacity of those countries. Some of the representatives also referred to the need for the co-ordination of international efforts in favour of the least developed countries, and suggested that UNDP could play an important role in this respect. Referring to studies in depth of least developed countries, the representative of one developed market economy country said he doubted that UNCTAD was the appropriate agency to carry out such studies, and considered that other international bodies, such as IBRD (and UNDP) could more appropriately fill this role. The representative of another developed market economy country stressed the importance of a case-by-case approach involving careful study of each country.

103. The representatives of several developed market economy countries made reference to measures taken by their Governments to strengthen assistance to the least developed countries, and the representative of one of those countries informed the Board that, in view of the important part which the African Development Fund could play in strengthening the infrastructure of the least developed countries in Africa, his Government had recently decided to make a contribution to the Fund.

104. The representative of a socialist country of Eastern Europe pointed out that his country took account of the needs of the least developed countries in its trade and economic relations with them. In this connexion, he made reference to co-operation in the processing of locally produced raw materials, economic co-operation on a long-term basis, supply of machines and equipment needed, and

its contribution to the stabilization of prices. He also referred to the declaration of socialist countries at the third session of the Conference, ^{24/} and stressed that those countries had drawn attention to the particular problems of the least developed and land-locked developing countries, and indicated that his country would continue to strengthen links with those least developed countries which wished to co-operate.

105. The representatives of some developing countries urged that all developed market economy countries and the socialist countries of Eastern Europe should implement Conference resolution 62 (III), particularly the paragraphs relating to commercial policy in favour of the least developed countries, and that the Secretary-General of UNCTAD ought to communicate without delay with all United Nations organs and international agencies urging them to take appropriate actions on the relevant paragraphs falling within their competence. In addition, they requested the Secretary-General to prepare an interpretative document on each of the paragraphs of the resolution on special measures in favour of the least developed among the developing countries, defining the term "special measures" in the context of commercial policy concerning primary commodities, processed and semi-processed goods, finance, manufactured goods and freight rates, and in cases where the term applied to technical and financial aid.

106. Representatives of some developing countries stressed that the international community had recognized that assistance to the land-locked developing countries should not be limited to guaranteeing their freedom of transit, but should also extend to ensuring their economic and social progress.

107. The representatives of both developed and developing countries expressed the hope that work would continue on identification criteria in accordance with General Assembly resolution 2768 (XXVI) and Conference resolution 64 (III). The representatives of some developed countries stressed the need to revise the list of hard-core least developed countries as soon as possible, and one of them suggested that the geographical situation of those countries, including where applicable their land-locked status, should be taken into account in identification criteria. Representatives of some developing countries considered that the problems of the relatively disadvantaged countries, such as those with small markets and underdeveloped productive sectors, should also receive special consideration in the multilateral trade negotiations. The representative of a developed market economy country stressed the primary role of the Committee for Development Planning in the continuing work on identification criteria. The representative of another developed market economy country referred to the need for an early up-dating of statistics, and suggested that countries that were found to satisfy the criteria on the basis of up-dated statistics should be included among the least developed countries by the UNDP. ^{25/}

108. The representative of one developed market economy country expressed the view that dependent territories should also be considered in the context of identification criteria, and that special measures should be accorded to such

^{24/} Ibid., annex VIII, G.

^{25/} For an account of the debate concerning the institutional machinery to deal with the question of the least developed among the developing countries, see chapter V, section F, 4, below.

territories that would qualify as least developed according to the criteria being used. Such special measures would be especially important with respect to commercial policy. The representatives of several developing countries pointed out that in their view dependent territories were the responsibility of the administering authorities, and should not be included in the context of special measures.

109. The representatives of some other developing countries indicated that they looked forward with great interest to the result of the study on developing island countries called for in Conference resolution 65 (III).

J. Commodity problems and policies 26/

110. At the third session of the Conference, draft resolutions had been submitted on the subjects of access to markets and pricing policy. 27/

111. By its resolution 83 (III) the Conference, recognizing that no agreement had been reached on those draft resolutions in the course of the third session, decided to refer them for consideration by the Board at its twelfth session with the request that the Board should also take into account the views of Member States as reflected in the report of the First Committee. 28/

112. The Secretary-General of UNCTAD stated that the failure of the Conference at its third session to agree on a resolution on access to markets and pricing policy had been mitigated by its adoption of resolution 83 (III), which envisaged the holding of a series of intensive ad hoc intergovernmental consultations on a list of commodities, or groups of commodities, to be agreed by the Committee on Commodities at its seventh (special) session. In this connexion, he had already prepared a tentative list of products for submission to the Committee on Commodities, which would be reviewed in the light of comments and suggestions made in the Board and in the course of the informal discussions he was holding with representatives of Member States. He stated that he was also consulting closely with FAO and intergovernmental commodity bodies on the matter and that the success of the action to be taken under resolution 83 (III) would depend very much on the joint efforts of UNCTAD and FAO, as well as the readiness of Governments to take concrete measures.

113. The representatives of several developing countries drew attention to the continued heavy dependence of their countries on primary commodities as a source of export earnings and to the great importance they therefore attached to the questions of access to markets and pricing policy. Some of those representatives pointed out that their countries' exports consisted almost entirely of "problem" commodities and that consequently their export earnings had been stagnant or declining while the prices of their imports had risen.

26/ These issues were considered at the 332nd, 333rd and 340th meetings of the Board. A more complete account of the discussion is contained in the summary records (TD/B/SR.332, 333 and 340).

27/ See Proceedings of the United Nations Conference on Trade and Development, Third Session, vol. I, Report and Annexes (United Nations publication, Sales No.: E.72.II.D.4), annex VII, documents TD/III/C.1/L.11 and TD/III/C.1/L.13.

28/ Ibid., annex VI, A.

114. At its 332nd meeting, on 17 October 1972, the Board was informed that the draft of an agreed conclusion, entitled "Programme and time-table of action on commodities", 29/ had been submitted by a group of developing countries members of the Board. The draft was referred to the Board's contact group for consideration.

115. Representatives of developing countries pointed out that the objectives of improving market access and securing stable and remunerative prices which had been agreed on many occasions, notably in the International Development Strategy for the Second United Nations Development Decade and in Board resolution 73 (X), were very limited. In their view, very little progress had been made so far towards initiating practical action to achieve broader objectives; meanwhile the problems of a wide range of commodities had, if anything, become more serious and the share of developing countries in world primary commodity exports had continued to fall.

116. The representatives stated that the intensive consultations envisaged in resolution 83 (III) would provide an opportunity to put into practice the international policies on commodities which had already been agreed in principle. They emphasized that the consultations should lead to the implementation of concrete measures to improve access to markets and prices and to tangible trade benefits for developing countries. Some of them stressed that measures should be taken not only with respect to primary commodities but also with respect to processed commodities.

117. The representatives of several developing countries suggested that the commodities to be the subject of these consultations should be neither too numerous nor too few and that, taken together, they should provide a balance which took into account the interests of all developing countries. The representatives of some developing countries felt that consultations should not be arranged for commodities covered by international agreements. Other representatives, however, did not agree that such commodities should be excluded from consultations, pointing out that commodity agreements dealt essentially with problems of pricing and did not cover problems of access to markets.

118. The spokesman for the countries of Group B stated that the members of his group fully recognized the importance to developing countries of trade in primary commodities. They were willing to play their full part in international efforts to solve the essential problems relating to primary commodities in all competent bodies dealing with the issues and also recognized the particular responsibility of UNCTAD with regard to the commodity problems of developing countries. It was in that spirit that they had responded to the Secretary-General's invitation to participate in the informal consultations being conducted in conformity with paragraph 3 of resolution 83 (III).

119. As regards paragraph 1 of resolution 83 (III), his group considered that the draft resolutions on access to markets and pricing policy, on which agreement had not been reached at the third session of the Conference, should be remitted to the Committee on Commodities. With respect to paragraphs 2 and 3, he recalled that some members of his group had dissociated themselves from them. Nevertheless,

29/ At its 333rd meeting, on 18 October 1972, the Board was informed that the "Programme of action" had been embodied in a draft resolution entitled "Intergovernmental consultations on commodities in connexion with access to markets and pricing policy: Agreed conclusions" (TD/B/L.301). For the text of this draft, see annex VI below.

the countries concerned were participating in the consultations undertaken by the Secretary-General of UNCTAD. The detailed advice which the members of his group would give to the Secretary-General regarding the preparations for the seventh (special) session of the Committee on Commodities were a matter for the consultations themselves. As regards the draft of agreed conclusions submitted by some developing countries, he said that the countries in his group considered that draft as a useful contribution by the sponsoring countries to the consultations to be conducted by the Secretary-General in preparation for the seventh (special) session of the Committee on Commodities and to UNCTAD's work in this field generally. In general, however, his group felt that Board resolution 73 (X) provided the best basis for action in the commodity field, since that resolution embodied a careful balance between different policy approaches. The Secretary-General would no doubt note all the suggestions made to him regarding the commodities which should be the subject of intensive intergovernmental consultations. In this respect, his group hoped that the experience of existing international commodity bodies would be fully utilized. On all these matters, however, the final decisions would have to be taken by the Committee on Commodities at its seventh (special) session, the success of which was earnestly desired by his group.

120. The representative of a country in Group B stated that his country, being a developing country, hoped that the Secretary-General would pursue the studies on vegetable oils, wines and citrus fruit, these being essential export products of his country.

121. Representatives of socialist countries of Eastern Europe indicated that they fully supported international action to improve prices and access to markets for commodities of export interest to developing countries. It was their view that the conditions of trade in primary commodities could best be improved through international commodity agreements, bilateral trade agreements and long-term contracts, supplemented by measures to reduce existing tariff and non-tariff barriers. They reiterated their countries' intention to enlarge access to their markets in accordance with the provisions of Conference resolutions 15 (II) and 53 (III). As regards the implementation of resolution 83 (III), these representatives stated they intended to participate actively in the work of the seventh (special) session of the Committee on Commodities. It was their hope that the Committee would be able to decide on the holding of intensive consultations on an agreed list of commodities, and on the terms of reference and duration of the consultations. They felt that in setting up ad hoc consultative groups due regard should be paid to the activities of the various specialized commodity bodies with a view to avoiding duplication.

Action by the Board

122. At the 340th meeting, on 23 October 1972, the President drew attention to his statement on the agreed conclusions on commodity prices and policies: access to markets and pricing policy (TD/B/L.310).

123. The spokesman for the sponsors stated that they would not press for a decision on their draft resolution (TD/B/L.301) at the present session.

124. The Board adopted the agreed conclusions (TD/B/L.310) submitted by the President. 30/

30/ For the text of the agreed conclusions see annex I below, agreed conclusion 90 (XII).

125. The representative of the United States of America stated that the agreed conclusions were based largely on Conference resolution 83 (III) from which his delegation had dissociated itself: it also dissociated itself from the agreed conclusions just adopted.

126. The representative of France stated that, in his delegation's opinion, the last sentence of paragraph 4 of the agreed conclusions was not sufficiently explicit, and drew attention to the fact that Conference resolutions 83 (III) and 16 (II) envisaged two different approaches which should not be confused. His delegation would have preferred the paragraph to state that intergovernmental consultations concerning the problems of a number of commodities should be continued more appropriately in the context of resolution 16 (II) although some of the products mentioned in that resolution should be included among those to be studied in pursuance of resolution 83 (III). So far as paragraph 5 was concerned, he stated that he interpreted the expression "representative list of commodities" to mean a balanced list according to the nature and geographical distribution of the commodities.

127. The representative of Canada stated that his Government did not consider the conclusions strictly necessary. Canada had conveyed its views on resolution 83 (III) to the Secretary-General of UNCTAD, including its view on the criteria to be used in the selection of commodities for intensive consultation. The position of his Government would be determined in the light of the outcome of the seventh (special) session of the Committee on Commodities.

K. Impact of regional economic groupings of the developed countries on international trade, including the trade of developing countries

128. A draft resolution 31/ on this subject had been submitted at the third session of the Conference. The Conference decided to transmit the text of the draft resolution to the Board. 32/ The Board considered the draft resolution at its 329th to 331st and 336th meetings on 16, 17 and 20 October 1972.

129. The growing impact of economic groupings of developed countries on world trade and on the development problems of developing countries was generally recognized. A good deal of the discussion concerned the consequences of the enlargement of the European Economic Community (EEC) for third countries.

130. The representatives of several developing countries stated that economic groupings of developed countries might have a positive effect on world trade, including that of developing countries, provided that they pursued outward-looking policies. Many representatives stressed that the interests of the developing countries should be taken into account in the policies of the enlarged EEC. Representatives of several developing countries sponsors of the above-mentioned draft resolution stated that one of its objects was to forestall any prejudicial effect of the Community's enlargement on developing countries.

31/ See Proceedings of the United Nations Conference on Trade and Development, Third Session, vol. I, Report and Annexes (United Nations publication, Sales No.: E.73.II.D.4), annex VII, TD/L.66 and Corr.1-3.

32/ Ibid., para. 255.

131. The representative of one developing country stressed the detrimental effect for many developing countries of the Community's common external tariff on tropical products and of its subsidization of agriculture. He stressed that policies pursued by the EEC inhibited interregional co-operation among developing countries and proposed that UNCTAD should discourage the formation of regional economic groupings whose activities transcended their own region or subregion.

132. The representatives of some other developing countries stressed the beneficial effect of their association with the EEC and contested the idea that such ties were detrimental to other developing countries. They urged that the draft resolution should not be put to the vote.

133. The representative of a socialist country of Eastern Europe stressed the negative effects of the EEC policies on the trade of developing countries and that of socialist countries. He especially pointed to the agricultural policy of the EEC and to the nature of the existing association of several countries with the Community. He said that his delegation shared the principal ideas contained in the draft resolution.

134. The representative of the Community, speaking also on behalf of States members and of States acceding to the Community, stated that the draft resolution gave an incorrect image of the Community; he stressed that the Community's policy was outward-looking and took the interests of the developing countries into account.

135. The representative of one developing country drew the attention of the EEC to the fact that his country, even though listed as a hard-core least developed country, had been continuously suffering a trade deficit vis-à-vis the Community, with each of the nine countries members of the enlarged Community and with Norway, and he expressed the hope that the EEC would take action to redress this situation by removing tariff and non-tariff barriers imposed on his country's export products without demanding reciprocity.

136. The representative of the EEC, while acknowledging the observation made by the representative, assured him that the Community intended to redress the existing trade deficit between the Community and the country concerned as soon as possible.

137. The representative of a developed market economy country stated that many economic considerations showed the beneficial effect which participation in the EEC could have for his country and that these considerations explained why his country had by popular vote decided to join the Community. He added that his Government was very conscious of the interests of developing countries and considered that his country's accession to the Community would be beneficial for the developing countries as well. The representative of a future member of the enlarged Community expressed the conviction that his country's entry would be a most positive element in aid and trade.

Action by the Board

138. At the 336th meeting, on 20 October 1972, the President, summing up the discussion, stated that there appeared to be a consensus that the question of the impact of regional economic groupings of developed countries on international

trade was one of continuing concern for the Board. Accordingly he suggested, and the Board agreed, that the draft resolution should be referred to the Board at its thirteenth session for further consideration.

L. Examination of recent developments and long-term trends in world trade and development in accordance with the aims and functions of UNCTAD

139. A draft resolution 33/ on this subject had been submitted to the Conference at its third session. The Conference had decided that the draft resolution should be referred to the Board for consideration. 34/

Action by the Board

140. At its 336th meeting, the President suggested, and the Board agreed, that the draft resolution in question should be included among the background documentation to be submitted to the Working Group set up under Conference resolution 45 (III) to draft a charter of the economic rights and duties of States.

M. Diversification

141. A draft resolution 35/ on the subject of diversification had been submitted to the Conference at the third session on behalf of the Group of 77. In addition, suggestions by countries in Group B for discussion in connexion with that draft had been submitted at the time. 36/

142. The Conference decided to refer the draft resolution and the related suggestions to the Board for consideration.

143. The representatives of several developing countries expressed disappointment that no positive action had been taken on diversification at the third session of the Conference. One of them stated that his Government regretted that discussion on the subject was still at the stage of general principles, whereas the developing countries needed practical, concrete action. He pointed out that the Advisory Committee to the Board and to the Committee on Commodities, in its 1971 report on diversification, had identified 23 developing countries dependent for exports on primary commodities in chronic surplus or facing competition from synthetics, of which nine had experienced a rate of growth in export earnings of only 2.5 per cent a year or less in the 1960s. 37/ The representative suggested that UNCTAD might concentrate on those nine countries in developing an action programme for diversification, later extending it to other developing countries with particularly unfavourable export structures. His suggestion that such

33/ See Proceedings of the United Nations Conference on Trade and Development, Third Session, vol. I, Report and Annexes (United Nations publication, Sales No.: E.73.II.D.4), annex VII, TD/L.72.

34/ Ibid., para. 202.

35/ Ibid., annex VII, document TD/III/C.1/L.4.

36/ Ibid., annex VII.

37/ Official Records of the Trade and Development Board, Eleventh session, Annexes, agenda item 7 (TD/B/348, annex I).

developing countries constituted a special group, for which special measures were required, was strongly supported by the representatives of other developing countries.

144. Reaffirming his Government's support for the draft resolution on diversification submitted by developing countries at the Conference, he stated that the success of any action programme on the subject depended on the adoption by developed market economy countries of more liberal policies with respect to access to markets and commodity pricing. He claimed, however, that trade conditions were worsening, particularly in view of the expansion of the EEC, and that the representative of the Community, at the FAO Regional Conference for Europe in 1972, had said that the EEC could not modify its common agricultural policy. He recommended that UNCTAD, in co-operation with FAO, should present concrete targets for action to the seventh (special) session of the Committee on Commodities and the thirteenth session of the Trade and Development Board.

145. The views of this representative were supported by a number of representatives of other developing countries. Several of these representatives said that the guidelines for action to be prepared by the UNCTAD secretariat should cover both "horizontal" and "vertical" diversification and that in its studies on vertical diversification the secretariat should co-operate with UNIDO.

146. The spokesman for the developed market economy countries proposed on behalf of his group, that the texts on diversification considered at the third session of the Conference should be transmitted to the Committee on Commodities. He pointed out that the Board would have a further opportunity to consider the subject at its thirteenth session, since it would then have before it the report of the Committee on Commodities on its seventh (special) session. He expected that the reference of the texts concerning diversification to the Committee on Commodities would not have the effect of suspending or postponing the work already initiated by the secretariat in this important field.

147. The representative of the EEC stated that the Community's position at the FAO Regional Conference for Europe had been misunderstood. He pointed out that the EEC representative at that meeting had made clear that the Community was fully aware of the problems of commodities and accepted the need for agricultural adjustment in both developed market economy and socialist countries, as argued in the paper submitted to the Conference on that subject. Furthermore, the Community had developed guidelines for the structural improvement of agriculture within the EEC, which was a prerequisite of further action. He noted further that at the third session of the Conference the Community had stated that the developing countries undoubtedly needed better conditions of access to world markets and that economic adjustments were indispensable above all in the developed importing countries.

Action by the Board

148. At its 336th meeting, on 20 October 1972 the Board decided that the drafts be deferred for consideration at the Board's thirteenth session and also remitted them to the Committee on Commodities at its seventh (special) session. 38/

38/ The representative of Argentina stated that he did not agree with this decision, on the grounds that it conflicted with Conference resolution 83 (III).

149. However, at its 340th meeting, on 22 October 1972, the Board decided that the Committee on Commodities at its seventh (special) session should have as its task, as laid down in Conference resolution 83 (III), the organization of intensive intergovernmental consultations on agreed commodities or groups of commodities, including the setting up, as may be appropriate, of ad hoc consultative groups with the aim of reaching concrete and significant results on trade liberalization and pricing policy early in the 1970s.

N. Dissemination of information and mobilization of public opinion relative to problems of trade and development (Conference resolution 43 (III))

150. Introducing this item at the 325th plenary meeting, the Secretary-General of UNCTAD stressed the essential role of public information work in the achievement of the aims of UNCTAD and of the International Development Strategy for the Second United Nations Development Decade, and recalled the importance which the third session of the Conference had attached to the mobilization of public opinion, for which purpose it had unanimously adopted resolution 43 (III).

151. Part one of his report on the work programme of UNCTAD, 39/ which was before the Board, contained a brief description of the activities being carried out by UNCTAD's Information Service and also outlined the adjustments envisaged to improve these activities within the limited resources presently available to UNCTAD. He added, however, that this modest public information programme would not suffice to fulfil the new and broader tasks called for in Conference resolution 43 (III) and General Assembly resolution 2800 (XXVI).

152. Further details on the current and proposed work programme of the UNCTAD Information Service were given to the Board by the Officer in Charge of the Service. He also indicated that in order to carry out the expanded activities envisaged by the Conference and the Assembly, there would be need for approximately \$10,000 for travel and \$10,000 for publications in 1973. 40/

153. The representatives of some developing countries welcomed the secretariat's statements and said that the developing countries had for many years been concerned at the weaknesses of UNCTAD's Information Service. Now favourable changes were being introduced and the Board should support the secretariat's proposed programme of work in this field and its modest request for additional resources to implement it. They noted that the total United Nations budget for public information amounted to some \$10 million, or roughly the same as the total UNCTAD budget. In this connexion, they stressed that Conference resolution 43 (III), particularly paragraph 5, called for the strengthening of the UNCTAD Information Service, which meant that it should be provided with adequate resources.

154. The representative of a developed market economy country criticized the secretariat for asking for additional resources before submitting a detailed information programme. Much could have been done, he was convinced, and more could be done to implement Conference resolution 43 (III) without additional resources,

39/ Official Records of the Trade and Development Board, Twelfth Session, First part, Annexes, agenda item 8 (a), document TD/B/407.

40/ The statements by the Secretary-General and by the Officer in Charge of the UNCTAD Information Service are reported in greater detail in the summary records of the 325th and 327th meetings (TD/B/SR.325 and 327), respectively.

provided that existing personnel and financial means were redistributed throughout the whole secretariat with imagination and a sense of urgency. The entire UNCTAD secretariat, including its Information Service, should take a promotional role within the over-all United Nations information activities with the aim of stimulating public opinion in the various member countries and thus promote implementation by member Governments of the ideals of international co-operation in the trade and development field, as envisaged in Conference resolution 43 (III).

155. Representatives of several other developed market economy countries generally agreed that more had to be done to mobilize public opinion in support of UNCTAD's activities and objectives, particularly since very pessimistic appraisals of international co-operation in the trade and development field, and the future of UNCTAD, had been circulating after the third session of the Conference. Many of these representatives stressed the primary responsibility of national bodies in member countries for disseminating information about UNCTAD, and described efforts that had been undertaken in this connexion in their countries. They also generally welcomed the steps being taken by the UNCTAD Information Service to intensify and improve its activities, and stressed the need for even further collaboration with the Centre for Economic and Social Information (CESI). Some of these representatives also referred to the need to make more effective utilization of existing resources.

156. The representative of a socialist country of Eastern Europe stressed that information about the implementation of the International Development Strategy, including UNCTAD's activities in this field, should be disseminated mainly by national information services of member States. He also called for closer collaboration with these services as well as with United Nations bodies, so as to effect savings and improve efficiency.

157. The Secretary-General of UNCTAD said that he appreciated the constructive criticisms that had been made of UNCTAD's information activities and that he shared the view that further improvements were necessary in order to achieve the objectives of Conference resolution 43 (III). To this end, adjustments and economies would be made to the fullest extent possible within existing resources, but he reiterated that additional means would be required to fulfil the new and wider tasks assigned to the UNCTAD Information Service. He stated that he would regularly report to the Board on the progress of the secretariat's study on the effects of information media on the behaviour or influential sectors of public opinion in respect of trade and development problems, as envisaged in Conference resolution 43 (III). Similarly, after the General Assembly had acted on the resolution, a series of concrete and detailed recommendations about the possible contribution of UNCTAD with regard to a world development information day would be submitted to the Board at the earliest opportunity.

Action by the Board

158. At the 337th meeting, on 20 October 1972, the President proposed and the Board agreed to the text of conclusions resulting from informal consultations held concerning this subject. 41/

41/ For the text of the agreed conclusions, see annex I below, agreed conclusion 89 (XII).

O. Charter of economic rights and duties of States

159. At its 338th meeting, on 21 October, the Board considered this matter in the light of Conference resolution 45 (III) which, inter alia, requested the Secretary-General of UNCTAD to appoint a working group to draft a charter of economic rights and duties of States.

160. The representatives who spoke in the debate on this matter made statements emphasizing the importance of elaborating such a Charter.

161. The Secretary-General of UNCTAD announced that, after having conducted consultations with representatives of member States, he designated the following 31 States as members of the Working Group: Brazil, Canada, China, Czechoslovakia, Denmark, Federal Republic of Germany, France, Guatemala, Hungary, India, Indonesia, Italy, Ivory Coast, Jamaica, Japan, Kenya, Mexico, Morocco, Netherlands, Nigeria, Pakistan, Peru, Philippines, Poland, Romania, Switzerland, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Yugoslavia, Zaire.

162. The representative of a developing country of Asia stated that the composition of the Working Group was unbalanced as far as Asia was concerned and therefore he could not give his delegation's approval to it.

163. The representative of a land-locked developing country expressed his disappointment that the composition of the Working Group did not include a land-locked developing country.

164. The representative of another developing country expressed his regret that his country had not been designated a member of the Working Group, but stated that his Government was prepared to co-operate with the Working Group.

P. Permanent sovereignty over natural resources

165. The representative of Chile, speaking at the 317th meeting on 6 October 1972, stated that it was absurd to discuss trade negotiations, access to market, pricing policy, or the terms and volume of development assistance at a time when his country's sovereignty was being infringed by a multinational corporation. He informed the Board of proceedings which had been initiated in a French court by the Kennecott Copper Corporation, incorporated in the United States of America, for the purpose of preventing the proceeds of the sale of copper from reaching its lawful owner, the Chilean State. He considered this not only a violation of the sovereign right of Chile to dispose of copper extracted from its own soil, but also a flagrant violation of the principles of self-determination of peoples and non-intervention as set forth in the Charter of the United Nations, and declared and reiterated in numerous decisions by the General Assembly, UNCTAD and other international bodies. He expressed the hope that the French court would not serve the imperialistic designs of a large multinational corporation to strangle a friendly country. Explaining the process of nationalization of Chilean copper, he stated that it was not the result of the arbitrary decision of one man but of an imperative national necessity to recover natural resources and had been approved unanimously by the Chilean Congress by constitutional reform. The action of his Government as regards the question of compensation had been lawful and constitutional because the Constitution provided for the manner of assessing

compensation. He stated that multinational corporations were powerful enough to influence the public authorities of their country of origin. In the case of Chile, steps had already been taken by these authorities to prevent international financial institutions, like the World Bank and the Inter-American Development Bank, from making loans to Chile. He felt that there was an urgent need to put an end to the political power of multinational corporations throughout the world, and particularly in Latin America. He stated that until that was done, all the endeavours of UNCTAD and other United Nations bodies would have little effect.

166. The representative of France explained that the French court which had received the application of the American corporation that declared itself owner of the copper had, as an interim and provisional measure and without considering the substance of the question, blocked not the merchandise but the payment of its value to its consignor in Chile. By virtue of the French Constitution, the French Government was unable to intervene at that stage.

167. The representative of the United States of America questioned whether the matter raised by the representative of Chile was within the agenda. He said that UNCTAD's work suffered chronically from an over-crowded agenda and from going beyond that agenda. He added that he did not accept the charges and innuendoes against the United States made by the representative of Chile. He further stated that the Chilean method of determining compensation, particularly the retroactive element, was disquieting; the United States companies which had been subject to determinations based on such concepts had earned their profits in accordance with Chilean law and under specific contractual agreements with the Chilean Government. They were now being punished for acts which had been legal at the time. Chile's policy amounted to no compensation whatsoever. As to Kennecott's action in France, the United States Government had not been consulted and had no part in it. Every person or firm in the United States had a right to pursue legal remedies.

168. The representatives of Hungary and Cuba considered that the matter was within the context of the agenda item. The representatives of a number of developing countries and of the socialist countries of Eastern Europe expressed their sympathy with and support for the Chilean representative's complaint. 42/

169. The spokesman for the developing countries of Africa, speaking at the 334th meeting, stated that those countries strongly supported the Chilean Government's position in this matter.

170. At the 330th meeting, on 16 October 1972, the representative of Argentina made a declaration (TD/B/L.300) 43/ on behalf of the following Latin American countries members of the Board: Argentina, Colombia, Ecuador, Guatemala, Mexico, Peru, Uruguay and Venezuela, concerning the questions brought to the Board's attention by the representative of Chile. The declaration gave expression to deep concern with the situation described by the representative of Chile regarding the marketing of Chile's principal export product; it indicated that the situation could be interpreted as disregard of the sovereign right of the State to dispose freely of its natural resources. It added that the nationalization of natural resources

42/ For particulars of the statements made at the 317th meeting and of comments made by other delegations at the 318th, 319th and 320th meetings, see the summary records of these meetings (TD/B/SR.317 to 320).

43/ For the text, see annex III below.

constituted an act of undeniable sovereignty within the exclusive competence and subject to the sole decision of the State in which the resources were situated and that any attempt to prevent or hinder, directly or indirectly, the exercise of this right, violated the principles of free determination and sovereignty of States recognized in the Charter of the United Nations and reiterated, in relation to natural resources, in the Human Rights Covenants and in resolutions of the General Assembly and UNCTAD. A number of representatives took part in the ensuing exchanges on the declaration at the same meeting.

171. At the 331st meeting, on 17 October 1972, a draft resolution (TD/B/L.299) was submitted on behalf of Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Guatemala, Mexico, Peru, Uruguay and Venezuela, reaffirming the sovereignty of every country to dispose freely of its natural resources for the benefit of its national development in conformity with the principles of the Charter, with decisions of the General Assembly and with principles recognized by UNCTAD, and reiterating that, in pursuance of that principle, expropriation and nationalization measures adopted by States to recover their natural resources were the expression of their sovereign will and that, consequently, it was for each State to fix the amount of compensation and the procedure for such measures. It added that any dispute which might arise in that connexion fell within the sole jurisdiction of the courts of the State concerned.

172. Consideration of the draft resolution continued at the 331st, 334th and 335th meetings of the Board, on 17 and 19 October 1972. The representatives of the developing countries who spoke in the debate expressed support for the draft resolution.

173. The spokesman for the developing countries of Africa stated that those countries supported the principles set out in the draft resolution.

174. The spokesman for the countries in group B stated that the subject of the draft resolution was complex and its treatment called for expert legal knowledge. In the opinion of those countries the present session of the Board was not equipped to deal with it in the time available. In their view, the draft posed serious difficulties and would consequently be likely to require extensive amendment if it were to be made generally acceptable. Accordingly, they considered that the Board should take no action on the draft, which might be included in the documentation for the Working Group that was to draft the charter of economic rights and duties of States.

175. Regarding the draft resolution (TD/B/L.299), the United States representative objected to the effort to secure its adoption on short notice and without adequate consideration by Governments. He also objected seriously to insistence on bringing the resolution to a vote without recourse to a contact group, which was the usual UNCTAD procedure, or to any other serious effort at reconciliation of views.

176. The representatives of many developing countries considered that the Board was competent to deal with the matter and urged that it should take a decision on the draft resolution at the current session.

177. A spokesman for the sponsors of the draft resolution stated that sovereignty over natural resources was vested in the State; that the State had sole competence to deal with questions relating to sovereignty over those resources; that the State was competent to nationalize the exploitation of such resources; that it was

competent to fix the indemnity payable in respect of acts of nationalization; that the tribunals of the nationalizing State were alone competent to adjudicate disputes relating to the amount of such compensation; and that the question of the responsibility of the State vis-à-vis foreign nationals (including foreign corporations) did not arise until after all local remedies had been exhausted. He stated furthermore that the draft resolution did not in any way seek to extend the existing rules of international law as recognized in decisions of the General Assembly and UNCTAD. He pointed out that in the view of the sponsors the alleged rule of international law requiring prompt, adequate and effective compensation for the nationalization of assets had not been generally accepted as part of customary international law.

178. At the 335th meeting, on 19 October 1972, the representative of the United States of America proposed that operative paragraph 2 of the draft resolution should be amended to read:

"2. Reiterates that, in the application of this principle, such measures of expropriation or nationalization as States may adopt in order to recover their natural resources are the expression of a sovereign power, but that in such cases, as recognized in United Nations General Assembly resolution 1803 (XVII), the owner shall be paid appropriate compensation, in accordance with the rules in force in the State taking such measures in the exercise of its sovereignty and in accordance with international law. In any case where the question of compensation gives rise to a controversy, the national jurisdiction of the State taking such measures shall be exhausted. However, upon agreement by sovereign States and other parties concerned, settlement of the dispute should be made through arbitration or international adjudication;"

179. He further proposed that operative paragraph 3 of the draft resolution should be amended by adding a reference to international law, so that it would read:

"3. Urges all States to abide by these principles and in particular to refrain from any act in violation of international law which might directly or indirectly obstruct the exercise of the sovereign right freely to dispose of natural resources;"

180. The representative of Mexico stated that in voting against the United States amendment he would not be voting against General Assembly resolution 1803 (XVII), paraphrased in the said amendment to operative paragraph 2 of the draft resolution, but against the elimination of paragraph 2 from the draft resolution.

181. He added that international law was being enriched by provisions and resolutions which were broadening it and adjusting it to the needs of international relations and that the United States proposal took no account of the evolution which had occurred in the 10 years which had elapsed since the adoption of General Assembly resolution 1803 (XVII). Furthermore, he stated that the amendment to operative paragraph 3 qualified the competence of the State in that it limited its sovereignty over natural resources by making it subordinate to an international jurisdiction. He considered that that amendment changed the meaning of operative paragraph 2 of the Latin American draft.

182. In this connexion, the representative of Argentina announced on behalf of the sponsors of the draft resolution that, in the light of requests made by some

representatives of countries members of the Group of 77 and to take into account the reference to General Assembly resolution 1803 (XVII) in the first United States amendment, the sponsors had revised operative paragraph 2 in the following respects:

(a) The words "expropriation or" in the second line were deleted and the words "such measures of expropriation" in the fourth and fifth lines were replaced by "these measures".

(b) At the end of the paragraph the words "without prejudice to what is set forth in General Assembly resolution 1803 (XVII)" were added.

183. The representative of Chile stated that the amendments proposed by the United States delegation, in particular the addition to operative paragraph 3, had the purpose of introducing into the international community and asserting as dogmatic international law concepts and decisions adopted by the national tribunals of certain developed countries which contemplated only the interests of those countries. For that reason, the Latin American countries would not accept additions in that sense to the texts proposed in the draft resolution, for such additions would transform the draft into an ambiguous decision by the Board.

Action by the Board

184. At the 335th meeting, a roll-call vote was taken on the United States amendment to operative paragraph 2. By 21 votes to 29, with 13 abstentions, the amendment was rejected. 44/

44/ The voting was as follows:

In favour: Australia, Austria, Belgium, Canada, Denmark, Finland, Federal Republic of Germany, Greece, Ireland, Italy, Japan, Malaysia, Netherlands, New Zealand, Norway, Spain, Sweden, Switzerland, Turkey, United Kingdom of Great Britain and Northern Ireland, United States of America.

Against: Argentina, Bolivia, Brazil, Bulgaria, Chile, China, Colombia, Czechoslovakia, Ecuador, Ethiopia, Guatemala, Guinea, Hungary, India, Iraq, Libyan Arab Republic, Mexico, Peru, Poland, Romania, Sudan, Syrian Arab Republic, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, Upper Volta, Uruguay, Venezuela, Yugoslavia.

Abstaining: Ghana, Indonesia, Iran, Kenya, Madagascar, Mauritius, Pakistan, Philippines, Rwanda, Senegal, Sri Lanka, Thailand, Zaire.

185. A roll-call vote was taken on operative paragraph 2 as revised by the sponsors. The result of the vote was 39 in favour, 18 against, with 7 abstentions. The operative paragraph 2 as revised by the sponsors was adopted. 45/

186. A roll-call vote was taken on the United States amendment to operative paragraph 3. By a roll-call vote of 19 to 30, with 15 abstentions, the amendment was rejected. 46/

187. By a vote by show of hands of 39 in favour, 9 against and 14 abstentions, operative paragraph 3 was adopted.

45/ The voting was as follows:

In favour: Argentina, Bolivia, Brazil, Bulgaria, Chile, China, Colombia, Czechoslovakia, Ecuador, Ethiopia, Ghana, Guatemala, Guinea, Hungary, India, Indonesia, Iran, Iraq, Libyan Arab Republic, Kenya, Madagascar, Malaysia, Mauritius, Mexico, Pakistan, Peru, Philippines, Poland, Romania, Sudan, Syrian Arab Republic, Thailand, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, Upper Volta, Uruguay, Venezuela, Yugoslavia.

Against: Australia, Austria, Canada, Denmark, Finland, Germany (Federal Rep. of), Greece, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Spain, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland, United States of America

Abstaining: Belgium, Gabon, Rwanda, Senegal, Sri Lanka, Turkey, Zaire.

46/ The voting was as follows:

In favour: Australia, Austria, Belgium, Canada, Denmark, Finland, Germany (Federal Rep. of), Greece, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Spain, Switzerland, Turkey, United Kingdom of Great Britain and Northern Ireland, United States of America.

Against: Argentina, Bolivia, Brazil, Bulgaria, Chile, China, Colombia, Czechoslovakia, Ecuador, Ethiopia, Guatemala, Guinea, Hungary, India, Iraq, Libyan Arab Republic, Mexico, Pakistan, Peru, Poland, Romania, Sudan, Syrian Arab Republic, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, Upper Volta, Uruguay, Venezuela, Yugoslavia.

Abstaining: Gabon, Ghana, Indonesia, Iran, Kenya, Madagascar, Malaysia, Mauritius, Philippines, Rwanda, Senegal, Sri Lanka, Sweden, Thailand, Zaire.

188. A roll-call vote was taken on the draft resolution as a whole as revised by the sponsors. The draft resolution as revised was adopted by 39 votes to 2, with 23 abstentions. 47/ 48/

189. Some representatives made statements at the 335th meeting, either before or after the vote, in explanation of their votes; others made such statements at the 336th meeting, on 20 October 1972.

190. The representative of France announced before the voting that, since a French court was dealing with the case, his delegation would not participate in the vote.

191. The representative of the United Kingdom of Great Britain and Northern Ireland explaining his delegation's vote, stated that there had been a contradiction in the sponsors' arguments that progress was necessary but that no new principles were involved in the draft. His delegation was unable to accept the contention in operative paragraph 2 that matters of nationalization and compensation were solely within the scope of domestic law: international law required that expropriation, to be legal, must be non-discriminatory and for a public purpose and that it must be accompanied by prompt, adequate and effective compensation. If no satisfactory settlement were reached through local courts or tribunals, the dispute should be referred to impartial international adjudication.

192. The representative of Italy, in explaining his vote, stated that his delegation's vote should not be construed as questioning the validity of the principles affirmed by the General Assembly, particularly in so far as the provisions of the relevant resolutions of the General Assembly recognized the permanent national sovereignty over natural resources. In his delegation's opinion, the Board was not qualified to modify the Assembly's decisions. His delegation had noted with regret in the hurried debate on the draft resolution many conflicting positions and certain statements which went so far as to impugn international law. He stated that it was purely for reasons of a general nature and on the basis of juridical considerations that the Italian delegation had cast its vote.

47/ The result of the vote was as follows:

In favour: Argentina, Bolivia, Brazil, Bulgaria, Chile, China, Colombia, Czechoslovakia, Ecuador, Ethiopia, Ghana, Guatemala, Guinea, Hungary, India, Indonesia, Iran, Iraq, Kenya, Libyan Arab Republic, Madagascar, Malaysia, Mauritius, Mexico, Pakistan, Peru, Philippines, Poland, Romania, Sudan, Syrian Arab Republic, Thailand, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, Upper Volta, Uruguay, Venezuela, Yugoslavia.

Against: Greece, United States of America.

Abstaining: Australia, Austria, Belgium, Canada, Denmark, Finland, Gabon, Germany (Federal Rep. of), Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Rwanda, Senegal, Spain, Sri Lanka, Sweden, Switzerland, Turkey, United Kingdom of Great Britain and Northern Ireland, Zaire.

48/ For the text of the resolution as adopted see annex I below, resolution 88 (XII).

193. The representative of Turkey stated that it was with much regret that his delegation had abstained in the vote on the draft resolution, because it contained principles which Turkey, as a developing country, had long defended. The draft resolution had much merit and should be considered in detail by a body more competent to deal with legal matters. That remark applied particularly to operative paragraph 2, which involved an important point of international law. The evaluation of international law should not be shaped by resolutions, adopted in haste, which could have adverse effects on the smooth flow of foreign private capital. The safeguarding of the developing countries' interests and the encouragement of foreign investment for development were two important and interrelated factors which should equally have been taken into account in operative paragraph 2.

194. The representative of India stated that his delegation had voted against the United States amendment to operative paragraph 2 as it only reproduced the relevant portions of General Assembly resolution 1803 (XVII) and as such was superfluous.

195. In his explanation of vote, the representative of Greece stated that his position with respect to the draft resolution had nothing to do with the differences between Chile and the American company in question, but was based on the principle that any action which might discourage foreign investment in developing countries should be avoided. The Greek delegation had no objection to the preamble of the draft resolution and believed also that nationalization was within the sovereign competence of the State.

196. The representative of the Philippines, explaining his delegation's abstention in the vote on the two amendments submitted by the United States of America and its vote in favour of the revised text of paragraph 2 and of draft resolution TD/B/L.299 as a whole, stated that any agreement or arrangement freely entered into by a State for the settlement or adjudication of any dispute arising out of or in connexion with the development of its natural wealth and resources was an exercise of the right of sovereignty and an expression of sovereign power.

197. The representative of Brazil stated that his delegation had voted against the two amendments proposed by the United States not because of any disagreement with the substance - or for that matter with General Assembly resolution 1803 (XVII) - but because it considered that paragraph 2, as revised by the spokesman for the Latin American group on behalf of the sponsors covered in a more adequate and pertinent manner all the points raised during the discussions.

198. The representative of Bolivia stated that, for the reasons mentioned by the representative of Brazil, his delegation had not supported the amendment proposed by the United States of America.

199. The representative of Spain stated that his country had always supported the efforts of developing countries to benefit fully from their natural resources in their progress to development. On the other hand, his delegation considered General Assembly resolution 1803 (XVII) a means of ensuring the achievement of that objective. For that reason, his delegation had voted in favour of the amendment to operative paragraph 2 of the draft resolution. The draft resolution touched upon delicate legal points requiring careful consideration, and for that reason his delegation had abstained in the vote on the draft resolution as a whole.

200. The representative of the Netherlands stated that his delegation had abstained in the vote on the draft resolution as a whole because it considered that any departure from the text of General Assembly resolution 1803 (XVII) required careful consideration by the competent bodies of the United Nations. He pointed out further that his delegation had voted against operative paragraphs 2 and 3 on the grounds that the text did not explicitly take into account the relevant principles of international law.

201. The representative of Ireland stated that his delegation had voted against operative paragraphs 2 and 3 for reasons put forward before the vote by the spokesman for Group B as to their legal and other implications and because it considered that those paragraphs conflicted with the interests of States benefiting or hoping to benefit from private investment. The delegation of Ireland had abstained in the vote on the draft resolution as a whole because an acceptable text could have been proposed, but the text actually put to the vote was not acceptable. He requested, with reference to paragraph 4, that the Secretary-General of UNCTAD should, when transmitting the text of the resolution, also transmit to the General Assembly an account of the voting and a summary of the explanations of votes of dissenting States.

202. The representative of the Federal Republic of Germany stated, in explanation of his delegation's vote, that his Government had never questioned the sovereign right of States to dispose of their natural resources and to take measures of nationalization. His delegation had been unable to support the draft resolution owing to the absence of any reference to the rules and principles of international law. In addition, he feared that the text of the resolution would even have a negative impact on private investors in developing countries and so would be detrimental to the interests of many developing countries. Furthermore, his delegation was not in a position to accept the principles referred to in the preamble.

203. The spokesman for the Nordic countries, in explaining the votes cast by the delegations of those countries, stated that the Nordic countries were in complete agreement with the affirmation of the sovereign right of States over their natural resources and did not deny the right of any State to nationalize property. He stated that the current trend in many developing countries towards greater self-reliance demonstrated a determination to build their societies in accordance with the needs and wishes of their peoples to break away from traditional ties. He considered that the international community should respond positively to those efforts. The view of the Nordic countries regarding disputes regarding compensation for nationalization was based on General Assembly resolution 1803 (XVII) and on the International Covenants on Human Rights. If the principles of these instruments had been duly reflected in the draft resolution, the Nordic countries would have supported the resolution as a whole instead of abstaining in the vote.

204. The representative of Indonesia stated, with reference to the United States proposed amendment to operative paragraph 2, that his delegation would have supported that amendment if the sponsors of the draft resolution had not revised the paragraph in question. However, since the sponsors had added the words "without prejudice to what is set forth in General Assembly resolution 1803 (XVII)" that revision had dispelled any misgivings on the part of his delegation regarding the paragraph; for those reasons his delegation had abstained in the vote on the United States amendment.

205. The representative of Japan explained that, while his Government recognized the right of nations to permanent sovereignty over their natural resources, he had voted against paragraph 2 of the draft resolution and had abstained in the vote on the draft resolution as a whole because of the concern of his Government that paragraph 2 could have adverse effects on the smooth flow of foreign private capital, which had an important role to play in the exploration and development of natural resources in the developing countries.

206. The representative of Austria said that his delegation, while fully recognizing national sovereignty and the right of countries to dispose freely of their resources, stressed the eminent role which international law ought to play in cases of dispute which might arise in consequence of nationalization. Because the draft resolution did not reflect that role in a balanced manner, the Austrian delegation had felt unable to support it.

207. The representative of Australia explained that his delegation had great sympathy for the problems encountered by all countries, including developing countries, in the exploitation of their resources but stressed the importance of the maintenance of a flow of foreign investment. Australia recognized the right to nationalize but stressed that the exercise of this right must have regard to international law and that prompt, adequate and effective compensation must be paid. He considered that a solution should be sought through other means before the matter was brought before a United Nations body.

208. The representative of Switzerland stated that his delegation recognized the sovereign right of all countries to dispose of their natural resources in the interest of their national development and in conformity with international law. On the other hand, the Swiss delegation had been unable to support operative paragraph 2 of the draft resolution concerning compensation for nationalized assets, for that paragraph did not expressly refer to the existing rules of international law regarding the subject and, to some extent, was even in conflict with those rules. He added that the same considerations had influenced Switzerland's position with respect to General Principle Three at the first Conference in 1964. 49/

49/ Proceedings of the United Nations Conference on Trade and Development, First Session, vol. I, Final Act and Report (United Nations publication, Sales No.: 64.II.B.11), annex A.I.1.

CHAPTER II

CONSIDERATION OF ACTION ARISING FROM THE ACTIVITIES OF THE MAIN COMMITTEES AND OTHER SUBSIDIARY BODIES OF THE BOARD 50/

(Agenda item 5)

A. Report by the Secretary-General of UNCTAD on negotiations and consultations on individual commodities, including, more particularly, the United Nations Cocoa Conference, 1972.

209. The Board considered the subitem at its 337th and 338th meetings, on 20 and 21 October 1972.

210. The representative of the Secretary-General of UNCTAD referred to certain developments affecting coffee, jute and tea which had taken place since the preparation of the Secretary-General's report (TD/B/392). He stated that the fixing of coffee price ranges and export quotas for the 1972/73 season had been held up owing to disagreement within the International Coffee Council over the demand of the producing countries that price ranges under the International Coffee Agreement should be revised upwards to take account of the fall in the exchange value of the United States dollar. Export quotas had nevertheless been agreed for the first three months of the 1972/73 season. While the principles on which a long-term international arrangement for tea could be based were still under discussion within the Exporters' Group of the FAO Intergovernmental Group on Tea, the Group had agreed to continue its informal export quota arrangements. At the meeting of the Group in September 1972, informal country quotas had been agreed for a period of two years, instead of only one year as in 1970 and 1971, and it had been agreed that in future quotas should be reviewed on a rolling three-year basis or on the basis of such other period as the exporters' group might consider appropriate.

211. The Secretary-General of UNCTAD made a statement informing the Board that the United Nations Cocoa Conference, 1972, had reached agreement on the text of an international agreement on cocoa. He noted that the representatives of two important consuming countries had recorded reservations with regard to certain provisions of the agreement but he felt confident, in view of the important part those countries had played in negotiating the agreement, that their Governments would eventually accede to it. He expressed the hope that the agreement would be ratified by a sufficient number of Governments to enable it to become operative, as envisaged, by the middle of 1973, pointing out that the greater the number of

50/ At its 337th meeting, on 20 October 1972, the Board took note of the report of the Committee on Invisibles and Financing related to Trade on its fifth session in Official Records of the Trade and Development Board, Twelfth Session, Supplement No. 2 (TD/B/395), and of the action taken thereon by the Conference at its third session. It was agreed that consideration within UNCTAD of action arising from the activities of the Committee on Invisibles and Financing related to Trade had thereby been completed.

signatories, the more effective the agreement would be. He paid a tribute to the role of Dr. Gamani Corea (Sri Lanka), the Independent Chairman of the Conference, in guiding the Conference to a successful conclusion. Dr. Corea, in a brief statement, said that he regarded the successful conclusion of the agreement as a major contribution to the Second Development Decade and expressed the hope that all the countries concerned would find it possible to become parties to the agreement.

212. Representatives of several developing, developed market economy and socialist countries expressed their satisfaction at the conclusion of the cocoa agreement, and their hope that this success would inspire further international co-operation for progress on other commodities. They appealed for the ratification of the agreement by as many Governments as possible, and particularly by the governments of the two consuming countries whose representatives had expressed reservations, so that the agreement could operate with maximum effectiveness. Those representatives echoed the Secretary-General's praise for the work of the Independent Chairman of the Conference and said that the conclusion of the agreement was a notable success for UNCTAD.

B. Seventh session of the Advisory Committee to
the Board and to the Committee on Commodities

213. The representative of the Secretary-General of UNCTAD, speaking at the 337th meeting, stated that the Advisory Committee, during its seventh session in July 1972, had considered at the Secretary-General's request the implications of Conference resolutions 82 (III) and 83 (III) for the future work of the secretariat in the fields of access to markets and pricing policy for individual commodities. The Secretary-General's discussions with the Committee, covering such matters as the relationship between the two resolutions, the role of UNCTAD with respect to each of them, and the likely scope and objectives of the forthcoming multilateral trade negotiations, had been of great assistance to him in his subsequent consultations with Governments and with the Director-General of GATT. The criteria suggested by the Advisory Committee had been particularly helpful in selecting the commodities which the Secretary-General proposed should be the subject of intensive ad hoc intergovernmental consultations under resolution 83 (III) and in preparing the aide-mémoire he had sent to Governments on this question.

214. The necessarily speculative and hypothetical nature of the Committee's discussions on this occasion, and the essentially provisional character of its conclusions, had precluded it from issuing a formal report. However, when the Secretary-General of UNCTAD had completed his consultations with Governments regarding the commodities to be dealt with under resolution 83 (III), and when the question of the objectives, techniques and modalities of the multilateral trade negotiations had been settled in GATT, he would consider the possibility of asking the Committee to meet again to prepare a formal report on the issues involved.

C. Report of the Committee on Shipping on its second special session

215. At the Board's 322nd meeting, on 10 October 1972, the President drew attention to the report of the Committee on Shipping on its second special session. 51/ He recalled that the Economic and Social Council in 1971 had requested the Committee to express its views on whether the draft Convention on the international combined transport of goods (TCM Convention) or alternative proposals were ready for international consideration at the United Nations/IMCO Conference on International Container Traffic to be held in November 1972. The Committee in its resolution 20 (S-II) had recommended to the Economic and Social Council that the said Conference should have "an exchange of views on general policy questions relating to:

"(i) the liability and documentary régime for international intermodal transport,

"(ii) transport policy options with respect to containerization in international intermodal transport,"

to enable the Conference "to assess the need for a possible convention on the international combined transport of goods and, if appropriate, further the work on such a convention, taking into account the particular situation and requirements of developing countries; such a possible convention to be based on any conclusions emerging from such exchange of views and to be prepared by an intergovernmental body to be set up for this purpose". 52/

216. The Economic and Social Council at its fifty-third session by its resolution 1725 (LIII) had accepted the recommendation of the Committee on Shipping and decided to consider at its organizational meetings in January 1973 the recommendations with regard to a possible convention on the international combined transport of goods which might emanate from the Container Conference.

Action by the Board

217. At the same meeting, the Board took note of the report of the Committee on Shipping, pending the outcome of the consideration of the matter at the Container Conference and in the Economic and Social Council.

51/ Official Records of the Trade and Development Board, Twelfth Session, Supplement No. 3 (TD/B/402).

52/ Ibid., annex I.

CHAPTER III

TRADE RELATIONS AMONG COUNTRIES HAVING DIFFERENT ECONOMIC AND SOCIAL SYSTEMS

(Agenda item 6)

218. The Board considered this item and Conference resolution 53 (III) (also in the context of its debate on item 4) at its 321st, 324th and 338th meetings, on 10, 11 and 21 October 1972.

219. Introducing the discussion at the 321st meeting, the Secretary-General of UNCTAD made an oral statement in which he pointed out that the improving international atmosphere permitted the belief that relationships between countries having different economic and social systems would be further strengthened. Resolution 53 (III) made a contribution in this respect. In pursuing the concept of economic complementarity, as outlined in the documents submitted to the Conference at its third session, UNCTAD was now attempting to determine, branch by branch or even by smaller commodity groups, the scope for co-operative action leading to international specialization ventures and an expansion of trade.

220. Most of the representatives who participated in the debate considered that Conference resolution 53 (III) provided constructive guidance for policies aiming at the increase of trade and economic relations between countries having different economic and social systems, and that it strengthened both the analytical and operational activities of UNCTAD.

221. The representatives of the socialist countries of Eastern Europe and several representatives of developing countries reaffirmed the view that, by virtue of its universal mandate, UNCTAD had a role to play in East-West trade relations. The representatives of several developed market economy countries, while recognizing in general UNCTAD's wide responsibilities in matters of trade and development, considered, inter alia, the Economic Commission for Europe and the GATT as the appropriate bodies for dealing with practical issues of East-West trade and drew attention to the need for UNCTAD to avoid duplication of the activities of those organizations in this field. The representative of one developed market economy country pointed out that the regional character of the ECE allowed some scope for action by UNCTAD, due care being taken to avoid duplication.

222. The representatives of the socialist countries of Eastern Europe stated that granting of full membership and rights in UNCTAD to the German Democratic Republic would contribute to the normalization of the economic and political situation.

223. Commenting on the secretariat's document concerning the improvement of consultative procedures on the expansion of trade among countries having different

economic and social systems,^{53/} the representatives of the socialist countries of Eastern Europe and the representatives of some developing and developed market economy countries stressed that such consultations provided a useful complement to usual bilateral channels, and endorsed the secretariat's suggestions as to ways and means of making them more efficient, inter alia, by choosing topics for multilateral consultations among interested countries.

224. The representatives of the developed market economy countries stated that their countries preferred to use bilateral channels, as well as the ECE and GATT, for dealing with problems of their trade and economic relations with the socialist countries of Eastern Europe. They recognized the potential practical value of the consultation procedure for trade between the developing countries and the socialist countries of Eastern Europe, provided that the role of the secretariat was confined to that of co-ordination of the arrangements for the consultations and that the consultations took place in the framework of the Board and its sessional committee.

225. The representatives of the developing countries urged the socialist countries of Eastern Europe to put into effect the preferential treatment of imports from developing countries and asked the Secretary-General of UNCTAD to report on the latest developments in the matter. The representatives of some socialist countries of Eastern Europe described measures already undertaken by their Governments in that respect.

226. The representative of the secretariat of the Council for Mutual Economic Assistance stated that Conference resolution 53 (III) was an appeal to all countries to undertake bilateral and multilateral measures with a view to increasing international trade and economic co-operation. In his opinion, UNCTAD was the most representative organization to bring about a normalization of such relations.

227. The representative of the European Economic Community recalled the Community's well-known position as regards its relations with the socialist countries of Eastern Europe and confirmed the Community's willingness to examine with the countries concerned outstanding problems.

228. The representatives of the socialist countries of Eastern Europe proposed that the sessional committee should be reconvened at the thirteenth session of the Trade and Development Board to deal with outstanding issues in the light of resolution 53 (III).

229. At the 321st meeting, a request was made by the socialist countries of Eastern Europe for the inclusion of additional studies in the work programme of the secretariat. The representative of one developed market economy country stated that if those studies were approved, duplication of the work of the Economic Commission for Europe should be avoided. ^{54/}

^{53/} Official Records of the Trade and Development Board, Twelfth Session, First part, Annexes, agenda item 6, document TD/B/405.

^{54/} See also part two of the present report, paras. 45 and 138.

230. The representatives of several socialist countries of Eastern Europe expressed the hope that the Conference on European Security would permit important progress towards strengthening the economic relations between the countries of Europe having different economic and social systems.

231. The representative of a socialist country of Eastern Europe stated that his country, as a socialist developing country, attached great importance to the non-discriminatory implementation of the generalized system of preferences. He urged the developed market economy countries which had not included his country among beneficiaries of the generalized system of preferences to take the necessary measures in that respect as soon as possible.

232. The representatives of some socialist countries of Eastern Europe, referring to resolution 53 (III), considered that UNCTAD should study and explore possibilities existing between socialist and developing countries in the field of international specialization and complementarity of industries. They drew attention to the great possibilities in the field of industrial, scientific and technical co-operation between the socialist countries and the developed market economy countries, which were not fully utilized. In their opinion, UNCTAD should systematically study the relevant problems and propose measures for harmonizing and strengthening those forms of co-operation and so put into effect the pertinent provisions of resolution 53 (III).

Conclusions by the President

233. At the 338th meeting, on 21 October 1972, the President, giving his evaluation of the debate, stated that he appreciated the constructive and comprehensive character of the discussion and felt that the Board was in broad agreement with the Secretary-General of UNCTAD in his view that Conference resolution 53 (III) was a contribution towards the strengthening of relationships in this area. The provisions of that resolution regarding trade relations among countries having different economic and social systems had had a positive bearing on UNCTAD's work in the field. The line of work of the secretariat and the quality of the documentation had been generally commended in this connexion.

234. He considered that the orientation of activities towards projects which were to yield results in the short and middle term had been generally endorsed. The concept of expanding trade by the promotion of international specialization in production among the socialist countries of Eastern Europe and the developing countries had been generally supported. The role of industrial co-operation as a means of expanding trade relations among countries having different economic and social systems had been reaffirmed. Preferential treatment for imports from developing countries on a non-reciprocal basis and systematic promotional measures, inter alia, through the exchange of trade missions, had been considered as significant components for policies to be pursued by the socialist countries of Eastern Europe.

235. He noted that a number of views had been expressed on the opportunities for holding consultations during sessions of the Board on practical measures to expand trade among countries having different economic and social systems, in accordance with Conference resolutions 15 (II) and 53 (III) and avoiding duplication with other organs. He noted also that some delegations had expressed the hope that such consultations, which should continue to have an informal and

voluntary character, could be also on a multilateral basis. It had been agreed that these consultations would be organized within the framework of the Sessional Committee and should take into account the views expressed during the present session of the Board, including those expressed on the suggestions contained in the secretariat document on the subject.

236. He considered it to be a common understanding that the Sessional Committee should be reconvened during the thirteenth session of the Board.

CHAPTER IV

PARTICULAR PROBLEMS IN THE FIELD OF TRADE AND DEVELOPMENT

(Agenda item 7)

A. Technical assistance activities, including training of technical and special staff in the field of export promotion and invisible transactions

237. This subitem was referred to the Working Party for consideration and report. The Working Party's report on its deliberations was introduced at the Board's 339th meeting, on 19 October 1972. 55/

B. Progressive development of the law of international trade: fifth annual report of the United Nations Commission on International Trade Law

238. At the 318th meeting, on 6 October 1972, the Secretary of the Working Group of UNCITRAL, which had just concluded its session in Geneva, made a statement in which he drew attention to the report of UNCITRAL on its fifth session 56/ and in particular to chapter III thereof concerning, more specifically the subject of international shipping legislation. 57/ He referred to paragraph 51 of the UNCITRAL report concerning co-operation between that body and UNCTAD in the matter of work relating to international shipping legislation, and explained that the UNCITRAL Working Group, at its latest session, had dealt with the question of the liability of ocean carriers for cargo, in connexion with its work on bills of lading (revision and amplification of the "Hague Rules") undertaken at the request of UNCTAD.

Action by the Board

239. At the same meeting, the Board took note of the report of UNCITRAL on its fifth session.

55/ For the report of the Working Group, see part two below.

56/ Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 17 (A/8717).

57/ For the discussion in the Working Group concerning the UNCTAD programme of work in the field of international shipping legislation and its financial implications, see part two, paras. 102 to 107 below.

C. United Nations Conference on the Human Environment, Stockholm,
5-16 June 1972: matters relevant to the work of UNCTAD
considered by that Conference

240. The Board considered this subitem at its 323rd meeting, on 11 October 1972, in the course of which reference was also made to Conference resolution 47 (III) concerning the impact of environment policies on trade and development, in particular of the developing countries.

241. Several representatives stressed the growing importance of environmental problems and the need to study their impact on trade and development.

242. The representatives of developing countries referred to a number of decisions taken by the Stockholm Conference that were relevant to UNCTAD and stressed the need for more work on the danger of environmental considerations being used as a pretext for growing protectionism. They considered that further studies were needed to determine the effect of measures for the protection of the environment on the relative competitiveness of synthetic and natural products, as envisaged in Conference resolution 50 (III). In addition, a study was needed of the modalities of compensation to developing countries for the loss of trade resulting from environment policies. They referred also to the impact of environmental considerations on the amount and character of aid. Such considerations should not hamper the flow of international aid to developing countries, as provided for in the International Development Strategy. They hoped that the UNCTAD secretariat would carry out more work on these problems than was contemplated in the relevant document, and would make specific suggestions concerning the subject in its report to the Permanent Group on Synthetics and Substitutes and the appropriate committees.

243. The representative of a developed market economy country stated that it was premature for UNCTAD to organize its work in detail at that stage since the General Assembly had not yet discussed the report of the United Nations Conference on the Human Environment. The representative of another developed market economy country drew special attention to recommendation 233 of that Conference and stated that UNCTAD should actively participate in the definition of the meaning and implications of that recommendation. The representative of a developed market economy country suggested that UNCTAD might confine its work, at the initial stage, to such problems of particular interest to UNCTAD as how to take into account environmental issues in national development programmes in developing countries and the clarification of the character or magnitude of special problems by means of case studies.

244. The representative of a developing socialist country of Asia stressed that no country should be allowed, by capitalizing on environmental problems, to infringe the interests of the developing countries.

Action by the Board

245. The Board took note of the information submitted by the secretariat (TD/B/411) and of the views expressed. It was understood that UNCTAD would undertake activities to implement resolutions 47 (III) and 50 (III) and continue work in the field of environment, especially on the impact of environment protection measures on trade and development, particularly of developing countries.

CHAPTER V

INSTITUTIONAL, ORGANIZATIONAL AND ADMINISTRATIVE MATTERS

A. Opening of the session

246. The twelfth regular session of the Trade and Development Board was opened on 3 October 1972 by Mr. Hortencio J. Brillantes (Philippines), President during the Board's eleventh session.

B. Election of officers (agenda item 1)

247. At its 313th meeting, on 3 October 1972, the Board elected Mr. Diego Garcés (Colombia) as its President and Mr. Peter S. Lai (Malaysia) as its Rapporteur for the period from the beginning of its twelfth session to the beginning of its thirteenth session.

248. At the same meeting, the Board elected the following representatives as Vice-Presidents for the same period:

Mr. J. Boekstal	(Netherlands)
Mr. Jean Engone	(Gabon)
Mr. Ole Koch	(Denmark)
Mr. Enrique López Herrarte	(Guatemala)
Mr. J. Muliro	(Kenya)
Mr. N. A. Naik	(Pakistan)
Mr. Z. M. Rurarz	(Poland)
Mr. Miguel Angel Santa María	(Spain)
Mr. L. Smid	(Czechoslovakia)
Mr. F. R. Staehelin	(Switzerland)

C. Adoption of the agenda and organization of the work of the session (agenda item 2)

249. At its 313th meeting, on 3 October 1972, the Board considered the provisional agenda submitted by the UNCTAD secretariat (TD/B/403). The Board adopted the provisional agenda; the agenda as adopted (TD/B/417) read:

1. Election of officers
2. Adoption of the agenda and organization of the work of the session
3. Adoption of the report on credentials
4. Matters arising from the resolutions, recommendations and other decisions adopted by the Conference at its third session requiring attention and action by the Trade and Development Board

5. Consideration of action arising from the activities of the main Committees and other subsidiary bodies of the Board:
 - (a) Report by the Secretary-General of UNCTAD on negotiations and consultations on individual commodities, including, more particularly, the United Nations Cocoa Conference, 1972;
 - (b) Seventh session of the Advisory Committee to the Board and to the Committee on Commodities;
 - (c) Report of the Committee on Shipping on its second special session
6. Trade relations among countries having different economic and social systems.
7. Particular problems in the field of trade and development:
 - (a) Technical assistance activities, including training of technical and special staff in the field of export promotion and invisible transactions;
 - (b) Progressive development of the law of international trade: fifth annual report of the United Nations Commission on International Trade Law;
 - (c) United Nations Conference on the Human Environment, Stockholm, 5-16 June 1972: matters relevant to the work of UNCTAD considered by that Conference
8. Work programme:
 - (a) Work programme of UNCTAD and its budgetary requirements, including questions of the co-ordination of the activities of UNCTAD with those of other bodies in the field of trade and development;
 - (b) Activities of the International Trade Centre: report of the Joint UNCTAD/GATT Advisory Group on the International Trade Centre on its fifth session
9. Institutional, organizational and administrative matters:
 - (a) Action arising from Conference resolutions 79 (III) and 80 (III);
 - (b) Review of the calendar of meetings;
 - (c) Provisional agenda for the thirteenth session of the Board and organization of the work of the session
10. Other business
11. Adoption of the report of the Board to the General Assembly.

250. The Board also broadly endorsed the secretariat's suggestions for the organization of the work of the session, including the tentative time-table (TD/B/403/Add.1), and agreed to a suggestion that Conference resolution 47 (III) should be considered in the context of the debate on agenda item 7 (c) (United Nations Conference on the Human Environment, Stockholm, 5-16 June 1972: matters relevant to the work of UNCTAD considered by that Conference). It also agreed to a suggestion that Conference resolution 63 (III) concerning special measures related to the particular needs of the land-locked developing countries should be taken into account in the context of the debate on item 4.

251. At the same meeting, the Board decided that agenda item 7 (a) concerning technical assistance activities, including training of technical and special staff in the field of export promotion and invisible transactions and agenda item 8 concerning the work programme of UNCTAD and the activities of the UNCTAD/GATT International Trade Centre should be considered by a Working Party consisting of 19 States members of the Conference. 58/

252. At the Working Party's first meeting, on 4 October 1972, it elected Mr. Okawa (Japan) as its Chairman and at its second meeting, on 5 October, Mr. E. Pareja (Argentina) as its Vice-Chairman and Rapporteur. The Working Party held 14 meetings from 4 to 19 October 1972. Its report (TD/B/L.309 and Corr. 1 and Add.1-5) was considered and noted at the Board's 339th meeting, on 21 October 1972, and forms an integral part of the present report. 59/

253. The spokesman for the countries in list D members of the Board stated that, provided that no precedent was being created, those countries would agree that it was not necessary to establish a sessional committee at the twelfth session to deal with item 6 concerning trade relations among countries having different economic and social systems.

254. At its 319th meeting, on 9 October 1972, the Board decided to establish a contact group, to be presided by its President or the Secretary-General of UNCTAD and consisting of 31 members, 60/ to deal with certain subjects discussed in the context of agenda item 4, in particular the subjects of multilateral trade negotiations and the international monetary situation.

58/ The members were: Argentina, Brazil, Canada, Chile, China, Ethiopia, France, India, Jamaica, Japan, Netherlands, Pakistan, Romania, Uganda, United Kingdom of Great Britain and Northern Ireland, United States of America, Union of Soviet Socialist Republics, Yugoslavia and Zaïre. It was agreed that other interested delegations would be free to participate in the deliberations of the Working Party.

59/ See part two of the present report.

60/ Argentina, Australia, Brazil, Canada, China, Colombia, Czechoslovakia, France, Ghana, Greece, Guatemala, Hungary, India, Japan, Kenya, Madagascar, Mexico, Netherlands, Nigeria, Norway, Pakistan, Philippines, Poland, Romania, Senegal, Sri Lanka, Switzerland, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Yugoslavia.

D. Adoption of the report on credentials (agenda item 3)

255. At its 333rd meeting, on 18 October 1972, the Board adopted the report of the Bureau on credentials (TD/B/419).

E. Membership and attendance^{61/}

256. The following States members of the Board were represented at the twelfth session: Argentina, Australia, Austria, Belgium, Bolivia, Brazil, Bulgaria, Canada, Chile, China, Colombia, Czechoslovakia, Denmark, Ecuador, Ethiopia, Finland, France, Gabon, Germany (Federal Republic of), Ghana, Greece, Guatemala, Guinea, Hungary, India, Indonesia, Iran, Iraq, Ireland, Italy, Japan, Jordan, Kenya, Libyan Arab Republic, Madagascar, Malaysia, Mauritius, Mexico, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Peru, Philippines, Poland, Romania, Rwanda, Senegal, Spain, Sri Lanka, Sudan, Sweden, Switzerland, Syrian Arab Republic, Thailand, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Upper Volta, Uruguay, Venezuela, Yugoslavia, Zaïre.

257. The following other States members of UNCTAD not members of the Board also sent representatives: Algeria, Bangladesh, Burundi, Chad, Costa Rica, Cuba, Egypt, El Salvador, Holy See, Honduras, Israel, Ivory Coast, Jamaica, Kuwait, Lebanon, Malta, Morocco, Mongolia, Panama, Portugal, Republic of Korea, Republic of Vietnam, South Africa, Trinidad and Tobago, Tunisia.

258. The Economic Commission for Europe, the Economic Commission for Latin America, the Economic Commission for Africa, the United Nations Industrial Development Organization, the United Nations Development Programme and the United Nations Conference on the Human Environment were represented at the session.

259. The following specialized agencies were represented at the session: International Labour Organisation, Food and Agriculture Organization of the United Nations, International Bank for Reconstruction and Development, International Monetary Fund. The Contracting Parties to the General Agreement on Tariffs and Trade were represented.

260. The following intergovernmental bodies were represented at the session: African Development Bank, Council for Mutual Economic Assistance, East African Community, European Economic Community, European Free Trade Association, Inter-governmental Council of Copper Exporting Countries, International Institute for the Unification of Private Law, Italo-Latin American Institute, League of Arab States, Organisation for Economic Co-operation and Development, Organization of African Unity, Organization of American States, Maghreb Permanent Consultative Committee, Permanent Secretariat of the General Treaty on Central American Economic Integration, World Intellectual Property Organization.

^{61/} The list of participants in the session is contained in document TD/B/INF.39 and Corr.1.

261. The following non-governmental organizations were represented at the session: General category: International Bar Association, International Chamber of Commerce, International Christian Union of Business Executives, International Confederation of Free Trade Unions, World Federation of Trade Unions, International Law Association; Special category: International Federation of Forwarding Agents Associations, International Hotel Association, International Organization for Standardization.

F. Action arising from Conference
resolutions 79 (III) and 80 (III)
(agenda item 9 (a))

1. Amendments of the rules of procedure

262. At its 329th meeting, on 16 October 1972, the Board considered, in the light of a note by the UNCTAD secretariat (TD/B/L.292 and Add.1), changes in certain of the rules of procedure of the Board and of its main committees which were consequential on the provisions of General Assembly resolution 2904 (XXVII) of 26 September 1972 and of Conference resolution 80 (III).

Action by the Board

263. At the same meeting, the Board approved the following changes in its rules of procedure:

(a) Rule 1 was amended to read:

"The Trade and Development Board shall normally hold one regular session a year."

(b) Rule 2 was amended to read:

"Each regular session of the Board shall be held, subject to the provisions of rule 3, at a date and place fixed by the Board at a previous session, in order to enable the General Assembly to consider the annual report of the Board in the same year."

(c) In rule 48, paragraph 2 of the title of subparagraph (c) was amended to read

"Initiation of conciliation by a presiding officer."

(d) In rule 48, paragraph in subparagraph (d) first sentence the words

"the President or the Chairman" were replaced by the words "the President of the Conference or the President of the Board", and in the English text the words "Chairman of the organ concerned" were replaced by the words "presiding officer of the organ concerned".

(e) Rule 76 was amended to read:

"Any member of the Conference shall be entitled to participate in the deliberations of the Board on any item on its agenda of particular concern to that member with all the rights and privileges of a Board member except the right to vote."

264. The Board approved the following changes in the rules of procedure of its main committees:

(a) Rule 1 of the rules of procedure of the main committees was amended to read:

"The Committee... shall normally meet twice in regular session between any two sessions of the Conference. However, additional regular sessions of the Committee may be held whenever the Trade and Development Board decides that the interest of the work of the Organization so requires."

(b) Rule 18 was amended to read:

"At the commencement of the first meeting of the first regular session, the Committee shall elect...". As a consequential amendment the words "Each year" should be omitted from rule 18 of the Committee's rules of procedure.

(c) Rule 48 of the rules of procedure of committees was amended in the same manner as rule 48 of the Board's rules of procedure.

265. In addition the Board decided that rule 3 of its rules of procedure and the analogous rule 3 of the rules of procedure of committees should be amended to bring it into conformity with paragraph 23 of Board decision 45 (VII). Rule 3 was accordingly amended to read:

"The Secretary-General of UNCTAD is authorized, with the concurrence or on the initiative of the President of the Board or the Chairman of any of its subsidiary organs, to alter the dates of meetings when this is deemed to be in the interests of the work of the organization."

2. Review and appraisal functions of the Board

266. The Board considered this matter at its 328th and 329th meetings on 15 and 16 October 1972, in the light of paragraph 4 of Conference resolution 79 (III) and of a note by the UNCTAD secretariat 62/ covering indicators and other data necessary for the assessment of progress in the implementation of policy measures within the competence of UNCTAD.

62/ Official Records of the Trade and Development Board, Twelfth Session, First part, Annexes, agenda item 9 (a), document TD/B/409.

267. The representatives of several developed countries expressed appreciation of the variety and range of indicators and other data compiled by the secretariat and presented in the document, and felt that this was a useful statement of the work being carried on in the secretariat and falling under the responsibility of the Secretary-General of UNCTAD. At the same time they emphasized the difficult problems of methodology, data collection, and data quality, and felt that the choice of some of the tentative indicators already reflected implicit political judgements. In particular, they felt that it would be undesirable, or at least premature, to consider endorsing any list of indicators, and in any case a list for such purpose would have to be shorter. Rather, they felt that it was important that the secretariat's work on such indicators should continue, and they stressed the need for further research in depth in continued co-operation with the other secretariats in the United Nations system working on these problems; until such work was further advanced the use of expert groups as suggested in paragraph 11 (d) of the note would be premature.

268. They felt also that the matter of indicators deserved closer study in the future and might be considered again in the light of the experience at the first biennial review and appraisal exercise. In the meantime, given the shortcomings of some of the indicators, they considered that the data should be used only with great caution, particularly with respect to inter-country comparisons, where differences in the definition and quality of the data often made such comparisons unreliable. They welcomed the work toward better indicators, but hoped that the secretariat would not use the data in any rigid way.

269. The representatives of some socialist countries of Eastern Europe expressed their reservations as to the suitability of quantitative indicators in assessing progress towards the achievement of objectives laid down in Conference resolution 79 (III). In their view, such an approach might lead to some confusion.

270. Representatives of developing countries who took part in the discussion commended the quality of the note by the secretariat and expressed satisfaction with the care, diligence and technical understanding shown in the work. They also expressed appreciation for the secretariat initiatives, particularly for having started to define the main indicators for the evaluation of the implementation of the policy measures within UNCTAD's competence, and urged that the work be continued.

271. They further stated that great efforts had been made in the elaboration of the International Development Strategy and much hope had been placed in it by the majority of mankind. It was therefore of paramount importance that the international community should establish methods of assessing not only progress made in the implementation of the major policy measures of the Strategy but also the difficulties encountered, so that more effective solutions could be sought to the problems of economic growth and social progress of developing countries. Hence, the need for a speedy establishment of well-defined indicators. In their opinion, a periodic appraisal of progress could only lead to the formulation of more suitable indicators. They consequently endorsed paragraph 11 of the note concerning proposals for further work by the secretariat in this field.

272. In this connexion, the representatives of some developing countries suggested that the secretariat study should cover indicators which would show clearly the pace of structural adjustment in the developed countries as, in their opinion,

it was only through this complementary process that measures for the economic development of the developing countries could be satisfactorily implemented in a dynamic context.

Action by the Board

273. The Board at its 329th meeting took note of the note by the UNCTAD secretariat, particularly paragraph 11 thereof dealing with proposals for further work by the secretariat in the field in question.

3. Institutional questions arising out of Conference resolution 80 (III)

274. At the 333rd meeting, on 18 October 1972, the President noted that the Board had not at its current session dealt specifically with measures for the improvement of its methods of work and those of its subsidiary organs (resolution 80 (III), section B) or with the question of the review of the terms of reference of its committees and subsidiary bodies (resolution 80 (III), section C, paragraph 11).

Action by the Board

275. At the same meeting, it was agreed that the Board would bear those matters in mind and perhaps deal with them at some future session. In addition, the Board took note of section D, paragraph 12 (a) of resolution 80 (III) with regard to the further development of flexible techniques for informal intergroup consultations, and of the invitation addressed to it in section B, paragraph 8, of that resolution, to hold meetings whenever considered desirable at an appropriately high, not excluding ministerial, level.

4. Questions of the action to be taken to give effect to Conference resolution 80 (III), section C, paragraph 10

276. Several representatives of developed market economy countries stated that they were prepared to support the establishment of an intergovernmental group to consider the question of special measures in favour of the least developed countries, if that was the wish of the developing countries themselves, or of the least developed of those countries. Some of them indicated that other institutional arrangements might also be possible, such as consideration of special measures for the least developed countries in sessional committees, at the Board and in the main committees of the Board. They were also prepared to defer decision on the matter until a later date, in the light of experience with the resolutions adopted at the third session of the Conference. One of those representatives also suggested that the Secretary-General of UNCTAD might advise the Board on the matter - perhaps at its special session in 1973.

277. The representative of a developing country felt that it was too early to decide on the need for an intergovernmental group, and that for the time being the existing institutional machinery should be further tested along the lines indicated in Conference resolution 24 (II). The question of an intergovernmental group should therefore remain pending and the Secretary-General of UNCTAD could advise the Board on the question. The representative of another developing country

felt that an intergovernmental group was necessary to strengthen special measures in favour of the least developed countries, but since it was too late to take action at the present session of the Board, the Secretary-General of UNCTAD should make proposals at the next session concerning the terms of reference and the composition of such a group; he felt that it was important that such a group should be relatively small and restricted in membership.

278. With regard to the invitation addressed to the Board by the Conference in resolution 80 (III), section C, paragraph 10, that it consider setting up a subsidiary organ to be entrusted with the formulation, development and review and appraisal of policies and measures in favour of the least developed among the developing countries, the President, at the 333rd meeting on 18 October 1972, stated that he interpreted the statements of representatives to signify a general wish to leave the matter open for consideration at a later session in the light of the experience gained with respect to UNCTAD's activities in this field.

Action by the Board

279. At the same meeting, the Board concurred in the President's interpretation.

G. Determination of the composition of main committees at their forthcoming sessions

280. Paragraph 9 of part C of Conference resolution 80 (III) requested the Board "to convert the main Committees into committees open to the participation of all interested member States on the understanding that members of the Conference wishing to attend a particular session of one or more of the main Committees will communicate their intention to the Secretary-General of UNCTAD at the latest during the preceding regular session of the Board. On the basis of such notifications the Board will determine the membership of the main Committees accordingly and declare those members elected".

281. Since the issuance of document TD/B/L.296/Rev.1 and Rev.1/Add.1, containing a list of the States which had signified their wish to participate in the sessions of the main committees, the Syrian Arab Republic had expressed its wish to participate in the Committee on Commodities and the Committee on Invisibles and Financing related to Trade, Brazil in the Committee on Manufactures and Peru in the Committee on Shipping.

Action by the Board

282. At its 333rd meeting, on 18 October, the Board declared that at their next regular sessions the main committees of the Board should comprise the following membership: 63/

Committee on Commodities:	the 77 States mentioned in the said document (including the Syrian Arab Republic)
Committee on Manufactures:	the 69 States mentioned in the said document (including Brazil)

63/ Lists of the States declared members of the main committees are contained in annex X to the present report.

Committee on Invisibles and
Financing related to Trade:

the 73 States mentioned in the said document
(including the Syrian Arab Republic)

Committee on Shipping:

the 70 States mentioned in the said
document (including Peru)

283. At the 339th meeting, on 21 October 1972, the Board was informed that the Central African Republic had notified its wish to participate in all the main committees of the Board. The President suggested and the Board agreed that the Central African Republic should be declared elected a member of the four main committees mentioned above. 64/

284. The Board noted that the forthcoming seventh session of the Committee on Commodities was to be convened as a special session which would be open-ended "in order to enable all Governments of States members of UNCTAD to participate on an equal basis " (Conference resolution 83 (III)).

H. Review of the calendar of meetings (agenda item 9 (b))^{65/}

285. The Board considered this subitem at its 337th and 341st meetings, on 20 and 23 October 1972. The Director of the Division for Conference Affairs and External Relations introduced the note by the secretariat (TD/B/L.290) containing a draft calendar of meetings for 1973 and a tentative schedule of meetings for 1974 and 1975, and a statement of the financial implications thereof (TD/B/L.290/Add.1).

286. The representatives of several developed market economy countries expressed concern at the overburdened programme for 1973. They pointed out that the aim of Conference resolution 80 (III) had been to reduce the frequency of meetings, and considered that it was inconsistent with the terms of that resolution to schedule sessions of each of the four main committees in 1973. They suggested that the sixth session of the Committee on Shipping should be postponed to 1974, since little of its work was of an urgent nature, and shipping experts might be fully occupied in 1973 with meetings in connexion with the code of conduct for liner conferences, were the General Assembly to approve the recommendation contained in Conference resolution 66 (III). In this connexion, the question was asked whether it would be practical to envisage that a first meeting of a preparatory committee of a conference of plenipotentiaries could take place as early as January 1973. Doubt was also expressed as to whether the timing of the fifth special session of the Board would enable its report on review and appraisal to be available in time for the fifty-fifth session of the Economic and Social Council.

287. The representative of one developed market economy country welcomed the possibility of making a considerable saving if summary records were to be dispensed with for commodity conferences, but hoped that the secretariat could make alternative arrangements for the convenience of participants. The representative of another developed market economy country suggested that any increase in conference servicing costs should be absorbed either by postponing some less urgent meetings or by reducing the duration of all meetings.

288. The representatives of several developing countries, while agreeing that the calendar of meetings for 1973 was heavy, pointed out that the Conference had

^{64/} As a consequence, the membership of these committees is increased to 78, 70, 74 and 71, respectively.

^{65/} See also the Working Party's report in part two below, paras. 153-163.

given the Board and the committees a considerable amount of work to do and considered that the calendar fully reflected the wishes of the Conference in that respect. They strongly opposed the suggestion that the session of the Committee on Shipping should be postponed as there were many urgent matters of particular interest to developing countries to be taken up. To delay the session until 1974 would mean a lapse of two years since the Conference, which would be too long in view of the many important developments in shipping. The representative of a developing country expressed the view that holding the special session of the Board concerned with review and appraisal in the spring of 1973 should not constitute a precedent for the scheduling of further special sessions concerned with the same important subject.

289. The Director of the Division for Conference Affairs and External Relations and the Director of the Division for Invisibles replied to the points raised by the various delegations.

290. At the 341st meeting, on 23/24 October, the Director of the Division for Conference Affairs and External Relations informed the Board of some modifications in the calendar of meetings for 1973 which the secretariat suggested should be made following the adoption by the Board of certain resolutions.

291. The spokesman for the countries in group B made a statement at the same meeting.

Action by the Board

292. At its 341st meeting, the Board adopted a revised calendar of meetings for 1973 and a tentative schedule of meetings for 1974 and 1975 66/ and decided:

(a) That every effort should be made, both by delegations and by the secretariat, to minimize the cost and reduce the duration of each session. In addition to any action which might be taken in this respect in the field of documentation, at the opening of every session the Secretary-General of UNCTAD or his representative would draw attention to the need to work in an expeditious manner and indicate the concrete steps which might be taken;

(b) To recommend that the General Assembly request commodity conferences to dispense with summary records, on the understanding that the secretariat would take the necessary steps to ensure that the work of the participants would not be hampered by this decision. 67/

293. The Board hoped that in 1974 and 1975 it would be possible to return to a less heavy calendar of meetings.

66/ See annex I below, decision 93 (XII).

67/ For an earlier decision by the Board regarding summary records of commodity conferences convened under the auspices of UNCTAD, see the report on the first part of its ninth session, in Official Records of the General Assembly, Twenty-fourth Session, Supplement No. 16 (A/7616), Part 3, annex I, "Other decisions", p. 216.

I. Provisional agenda for the thirteenth session of the Board and organization of the work of the session (item 9 (c))

294. At the 341st meeting, on 23 October 1972, the Board considered this subitem in the light of the draft of the provisional agenda for the thirteenth session of the Board contained in the note by the UNCTAD secretariat (TD/B/L.298).

Action by the Board

295. At the same meeting, the Board adopted the draft provisional agenda as submitted ^{68/} and authorized its President, in consultation with the Secretary-General of UNCTAD, to adjust the wording of certain items of the provisional agenda (specifically items 10 and 11 (a)) so as to comply with any directives which the General Assembly might give to its subsidiary organs.

J. Other business (agenda item 10)

1. Designation of intergovernmental bodies until rule 78 of the rules of procedure

296. At its 333rd meeting, on 18 October 1972, the Board considered the applications (TD/B/R.3 and Add.1 and 2 (derestricted)) of two intergovernmental bodies - the Board of the Cartagena Agreement and the Andean Development Corporation - for designation in accordance with rule 78 of its rules of procedure.

Action by the Board

297. At the same meeting, the Board decided to designate the two intergovernmental bodies in question under rule 78 of its rules of procedure.

2. Designation and classification of non-governmental organizations for the purpose of rule 79 of the rules of procedure of the Board

298. At its 333rd meeting, on 18 October 1972, the Board considered the recommendation of the Bureau, which concurred with that of the Secretary-General of UNCTAD, that all the non-governmental organizations which had applied for designation at the twelfth session under rule 79 of the rules of procedure should be so designated. ^{69/}

^{68/} Subject to the adjustment of agenda item 6 (c) and (e), in the light of the revised calendar of meetings adopted (see above). For the provisional agenda as adopted, see annex VIII to the present report.

^{69/} For the list of the applicant organizations in question and particulars concerning them, see the note by the UNCTAD secretariat (TD/B/420), which also suggests their classification.

Action by the Board

299. At the same meeting, the Board decided to designate the non-governmental organizations in question and classified them in the manner suggested. 70/

3. General Assembly resolutions 2836 (XXVI) and 2886 (XXVI) of 17 and 21 December 1971 on publications and documentation of the United Nations

300. The Board considered this subitem at its 336th meeting, on 20 October 1972.

301. The representative of a socialist country of Eastern Europe urged the secretariat to exercise stricter control of the documentation of UNCTAD: in his opinion, many documents were too long and exceeded the absorptive capacity of delegations. He stressed specifically that the provisions of paragraph 5 of General Assembly resolution 2886 (XXVI) should be respected.

302. The representative of a developed market economy country supported those remarks.

303. The representatives of two developing countries, while appreciating that prudence was necessary in the publication of documents and studies by UNCTAD, pointed out that the developing countries lacked facilities for carrying out certain technical studies and needed the help provided by the technical studies of UNCTAD. One of those representatives pointed out that the publications of UNCTAD obeyed the directives and decisions of the Board and its subsidiary bodies.

304. The representative of the Secretary-General of UNCTAD made a statement in which he confirmed that all UNCTAD publications were issued in conformity with express requests made by UNCTAD bodies. He explained the difficulties of reconciling in some cases the requests for the preparation of studies with the instructions of the Secretary-General of the United Nations that the total volume of United Nations publications should be reduced. He referred also to the opinions and recommendations of the Joint Inspection Unit which had specifically mentioned the five recurrent UNCTAD publications among those of demonstrated usefulness. 71/

Action by the Board

305. At the 336th meeting, on 20 October 1972, the Board requested the Secretary-General of UNCTAD to ensure that the reports and documents submitted to the Board are action-oriented and concise. It was agreed that the Board's own reports to the General Assembly should follow the principles set out in paragraph 3 of General Assembly resolution 2836 (XXVI). The Board took note with interest of the relevant conclusions and recommendations of the Joint Inspection Unit regarding

70/ For the list of the organizations so designated and their classification, see annex I below.

71/ Report of the Joint Inspection Unit on the programme of recurrent publications of the United Nations, circulated by the Secretary-General of the United Nations under cover of document A/8362.

UNCTAD's recurrent publications, 72/ and requested the Secretary-General of UNCTAD to take those recommendations into account as far as possible.

4. Statement by the spokesman on behalf of the developing countries of Asia members of the Group of 77

306. At the Board's 342nd meeting, on 25 October 1972, the spokesman for the Asian countries members of the Group of 77 observed that, within the context of UNCTAD as a forum for negotiation, not every developing country could expect to benefit from every measure alike or on an equal footing, that it was rather within the totality of all such measures -- which was not static but dynamic -- that each and every developing country should seek and find its place and benefits.

307. The grouping of countries as contained in the annex to General Assembly resolution 1995 (XIX) provided an informal but friendly and useful forum for countries at more or less the same level of development to think of their common problems. However, the kind of co-operation envisaged when UNCTAD had been established had not as yet been reached, since groups of countries, instead of acting as groups purely for electoral purposes, had been converted into weapons of confrontation instead of consultations. And the cause of development had suffered in consequence.

308. The decision reached by the Board on the question of the co-ordination of the interrelated problems in the trade, monetary and finance spheres had resulted not from an exclusive initiative of any group of countries, but rather from the interaction between and among groups, and that was a positive and salutary aspect of the decision; it showed that within UNCTAD the rigidity of group discipline need not always be achieved before a decision could be reached.

309. He hoped, therefore, that groups would re-examine themselves, and would be able to identify issues regarding which group discipline must not be applied. While the big or bigger countries were expected to take initiatives, smaller nations within groups also had an opportunity to contribute directly, and not always through the groups, to the solution of problems of development. 73/

5. Financial implications of the actions of the Board

310. In connexion with the discussion on various agenda items and with reference to proposals contained in certain draft resolutions submitted to the Board, the secretariat of UNCTAD submitted under rule 31 of the rules of procedure statements concerning the financial implications of the actions proposed. 74/

72/ Ibid., paras. 221-228.

73/ For a more complete account of the statement, see the summary record of the 342nd meeting (TD/B/SR.342).

74/ For the secretariat's estimates of financial implications, see documents TD/B/41/4, TD/B/L.290/Add.1 and TD/B/L.304/Add.1. For a summary of the estimates, see annex IX below.

Action by the Board

311. At its 341st meeting, on 23 October 1972, the Board took note of the statements by the UNCTAD secretariat.

K. Adoption of the report of the Board to the General Assembly
(agenda item 11)

312. At its 342nd meeting, on 25 October 1972, the Board adopted the present report to the General Assembly.

L. Adjournment of the session

313. At the 342nd meeting, on 25 October 1972, the President made a closing statement and declared the first part of the Board's twelfth session closed.

ANNEX I

RESOLUTIONS, AGREED CONCLUSIONS AND DECISIONS ADOPTED BY THE TRADE AND DEVELOPMENT BOARD DURING THE FIRST PART OF ITS TWELFTH SESSION

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RESOLUTIONS, AGREED CONCLUSIONS AND DECISION ADOPTED BY THE
TRADE AND DEVELOPMENT BOARD

(during the first part of its twelfth session)

RESOLUTIONS

88 (XII). Permanent sovereignty over natural resources

The Trade and Development Board,

Recalling General Assembly resolutions 523 (VI) of 12 January 1952, 626 (VII) of 21 December 1952, 1515 (XV) of 15 December 1960, 1803 (XVII) of 14 December 1962, 2158 (XII) of 25 November 1966 and 2386 (XXIII) of 19 November 1968,

Recalling in particular the principles stated in resolution 1803 (XVII) concerning permanent sovereignty over natural resources and the criteria affirmed in resolution 2158 (XXI) on the use of those resources for economic development in general and for the progress of the developing countries in particular,

Recalling further the provisions of the two International Covenants on Human Rights establishing the right of all peoples freely to dispose of their natural wealth and resources and stating that in no case may a people be deprived of its own means of subsistence,

Taking into account General Principle Three in annex A.I.1 to the Final Act adopted by the United Nations Conference on Trade and Development at its first session, which states that "Every country has the sovereign right freely to trade with other countries, and freely to dispose of its natural resources in the interest of the economic development and well-being of its own people" and which was reiterated in principle II laid down in Conference resolution 46 (III) of 18 May 1972, with the addition that: "... any external political or economic measures or pressure brought to bear on the exercise of this right is a flagrant violation of the principles of self-determination of peoples and non-intervention as set forth in the Charter of the United Nations and, if pursued, could constitute a threat to international peace and security",

Bearing in mind that the International Development Strategy adopted by the General Assembly in its resolution 2626 (XXV) provides in paragraph 74 that: "Full exercise by developing countries of permanent sovereignty over their natural resources will play an important role in the achievement of the goals and objectives of the Second United Nations Development/ Decade. Developing countries will take steps to develop the full potential of their natural resources",

Considering that it is also a principle recognized by the United Nations that, as confirmed in resolution 2158 (XXI), "the exploitation of natural resources in each country shall always be conducted in accordance with its national laws and regulations",

1. Reaffirms the sovereign right of all countries freely to dispose of their natural resources for the benefit of their national development in the spirit, and in accordance with the principles, of the Charter of the United Nations, as recognized and stated in the aforementioned resolutions of the General Assembly and in those of the United Nations Conference on Trade and Development;
2. Reiterates that, in the application of this principle, such measures of nationalization as States may adopt in order to recover their natural resources are the expression of a sovereign power in virtue of which it is for each State to fix the amount of compensation and the procedure for these measures, and any dispute which may arise in that connexion falls within the sole jurisdiction of its courts, without prejudice to what is set forth in General Assembly resolution 1803 (XVII);
3. Urges all States to abide by these principles and in particular to refrain from any act which might directly or indirectly obstruct the exercise of the sovereign right freely to dispose of natural resources;
4. Requests the Secretary-General of UNCTAD to transmit the present resolution to the United Nations General Assembly at its twenty-seventh session.

335th meeting
19 October 1972

91 (XII). Financial resources for development

The Trade and Development Board,

Taking note of resolution 61 (III) adopted by the United Nations Conference on Trade and Development on 19 May 1972 and of the note by the UNCTAD secretariat entitled "Aid and flow targets", a/

1. Requests the Secretary-General of UNCTAD, with the assistance of a group of governmental experts, to be called at a time he deems appropriate before the sixth session of the Committee on Invisibles and Financing related to Trade, to examine the concepts of the present aid and flow targets in order to prepare for a discussion thereon in the mid-term review of the implementation of the International Development Strategy;
2. Also requests the Secretary-General of UNCTAD to report to the Committee on Invisibles and Financing related to Trade at its sixth session.

340th meeting
20 October 1972

a/ Official Records of the Trade and Development Board, Twelfth Session, First part, Annexes, agenda item 4, document TD/B/401.

AGREED CONCLUSIONS

89 (XII). Dissemination of information and mobilization of public opinion relative to problems of trade and development (Conference resolution 43 (III))

1. There seems to be agreement not only that much more has to be done to mobilize public opinion in UNCTAD's field of competence, but that this work should be more dynamically and promotionally oriented towards the attainment of UNCTAD's goals and objectives.
2. It is also generally agreed that the main responsibility for these endeavours must fall on national Governments and on non-governmental organizations in member States; but that the information services of specialized international bodies, such as UNCTAD, should serve as a key source of information material and ideas and should, moreover, actively serve as a catalytic agent to help promote them at all levels and regions. It is agreed, in addition, that further efforts should be made to ensure that information provided to the press about UNCTAD's deliberations and decisions will highlight the substantive points and present them in a balanced and objective way without seeking to interpret or censor them.
3. It is also agreed that the UNCTAD Information Service, in co-operation with the Centre for Economic and Social Information (CESI) and within its field of competence, should play a promotional role in the conception of operations such as World Development Information Day, as well as in the information work related to the implementation, review and appraisal of the International Development Strategy.
4. It seems agreed likewise that in order to fulfil this task there is need, in close liaison with CESI and other United Nations information sources, to intensify, expand and improve the over-all public information endeavours of the UNCTAD secretariat, including its Information Service, using existing resources to the fullest extent possible and seeking to obtain greater financial support and collaboration from the Office of Public Information, especially CESI, for the additional requirements arising from the relevant decisions of the Conference (resolutions 10 (II) and 43 (III) and the Trade and Development Board (resolution 52 (VIII)) and the decision made by the Board at its tenth session b/ regarding measures to inform world public opinion of the work of UNCTAD and of the problems of development, c/ and the General Assembly (particularly resolutions 2800 (XXVI) of 14 December 1971 and 2897 (XXVI) of 22 December 1971).
5. Pursuant to the above, and to the provision of General Assembly resolution 2897 (XXVI), paragraph 10, the Secretary-General of UNCTAD is requested to consult with the Secretary-General of the United Nations concerning ways and means "to ensure the allocation of adequate resources effectively to meet additional needs in the information activities of the United Nations Conference on Trade and

b/ See Official Records of the General Assembly, Twenty-fifth Session, Supplement No. 15 (A/8015/Rev.1), part one, paras. 47-53, and part two, paras. 396-399.

c/ Ibid., part two, paras. 396-399.

Development during the Second United Nations Development Decade", taking into account the provision of Conference resolution 43 (III), particularly paragraph 5, and to report to the Board at the earliest opportunity. He is further requested to give an interim report to the Board at its fifth special session on ways in which during 1973 the UNCTAD secretariat, with its own resources, or with the assistance and collaboration of the Centre for Economic and Social Information is responding to resolution 43 (III).

337th meeting
20 October 1972

90 (XII). Commodity problems and policies:
access to markets and pricing policy

1. The Board recognized that the conditions of international trade in primary commodities, on which the great majority of developing countries still heavily depended for their export earnings, posed serious problems for those countries and called for priority attention on the part of the international community. The Board reaffirmed that the growth in the export earnings of the developing countries was governed both by the prices received for their exports and by the rate of expansion in the volume of these exports. Accordingly, the Board deeply regretted that the United Nations Conference on Trade and Development at its third session had not succeeded in reaching substantive agreement on the draft resolutions on access to markets and pricing policy submitted to the First Committee. d/

2. It was agreed that the Committee on Commodities, at its seventh (special) session, should have as its task, as laid down in Conference resolution 83 (III) of 20 May 1972, the organization of intensive intergovernmental consultations on agreed commodities or groups of commodities, including the setting up, as may be appropriate, of ad hoc consultative groups with the aim of reaching concrete and significant results on trade liberalization and pricing policy early in the 1970s.

3. The Board discussed the draft resolution submitted by a group of developing countries (TD/B/L.301). e/ This draft specified 27 commodities, 18 on the basis of Conference resolution 16 (II) of 26 March 1968 and others added thereto, which should be the subject of intensive consultations. The draft also contains proposals concerning objectives, procedures and timing of the consultations. For lack of sufficient time the Board was unable to consider this draft fully. The Secretary-General of UNCTAD was requested to continue and to intensify his consultations pursuant to paragraph 3 of Conference resolution 83 (III) taking into account, inter alia, the draft mentioned above, the list of commodities submitted by a number of African countries, the statement made on behalf of a number of developed market economy countries on this subject, and any other proposals that might be submitted.

d/ See Proceedings of the United Nations Conference on Trade and Development, Third Session, vol. I, Report and Annexes (United Nations publication, Sales No.: E.73.II.D.4), annex VII, A, documents TD/III/C.1/L.11 and TD/III/C.1/L.13.

e/ For the text of the draft resolution, see annex VI below.

4. It was agreed that it would be for the Committee on Commodities at its seventh (special) session - which would be open to all States members of UNCTAD -- to reach agreement concerning the scope of, and the procedures to be followed in, the intergovernmental consultations. It was understood, however, that an initial list of commodities for consultations might appropriately be supplemented by a further list, to be covered at a second stage of consultations. It was recognized that in the establishment of the list, due consideration would be given to the commodities mentioned in conference resolution 16 (II).

5. The Board considered that the following criteria should be among the principal ones to be taken into account in selecting the commodities to be the subject of intensive intergovernmental consultations: the actual or potential importance of the commodity in the export trade of the developing countries; the incidence of problems of access to markets and/or pricing policy, and the related need for a balance of attention as between problems of access to markets and of pricing policy; the need for a representative list of commodities, taking especially into account the interests of the least developed among the developing countries. It was considered that the list should be neither too large nor too small; it should be small enough to lend itself to concrete action within a reasonable period of time, but large enough to encompass the interests of a substantial number of developing countries from all regions, which faced diverse commodity problems.

6. The Board expressed satisfaction at the efforts of the Secretary-General of UNCTAD in carrying out informal consultations with interested Governments in pursuance of paragraph 3 of resolution 83 (III) and requested him to continue and intensify the consultations with a view to facilitating the substantive preparatory work of the UNCTAD secretariat, the preparatory work of governments, and the decisions to be made by the Committee on Commodities at its seventh (special) session, concerning both the commodities which should be the subject of intensive consultations and the procedures to be followed therein, including the organization of the intensive consultations. The Board further requested the Secretary-General of UNCTAD to inform interested Governments of the results of his consultations, including his own conclusions, by mid-January 1973.

7. The Board urged all Governments to take the necessary steps so that the Committee on Commodities could reach decisions at its seventh (special) session.

8. The Board reiterated that the work of UNCTAD in relation to intergovernmental consultations on commodities in connexion with access to markets and pricing policy, as well as in relation to other aspects of the expansion of the trade of the developing countries, should be pursued vigorously as agreed upon in the relevant resolutions and decisions of the Conference and its permanent machinery, and should not be delayed in any way by the forthcoming multilateral trade negotiations.

340th meeting
23 October 1972

92 (XII). Multilateral trade negotiations

1. With regard to the implementation of Conference resolution 82 (III) of 20 May 1972 the Board noted the preparations which were now under way relating

to the forthcoming multilateral trade negotiations, summarized in the report on that subject of the Secretary-General of UNCTAD to the Board. f/

2. The Board agreed that one of the fundamental aims of the negotiations should be the expansion and diversification of exports of developing countries in accordance with their trade and development needs. Every effort should be made in the course of the multilateral trade negotiations to ensure that they would result in significant benefits to the developing countries. This would be in line with the objectives contained in the joint European Economic Community/United States Declaration g/ and the joint Japan-United States Statement on International Economic Relations h/ wherein the common objectives were the expansion and ever greater liberalization of world trade and the improvement of the standards of living of the peoples of the world.

3. Accordingly, the Board recognized that in order to achieve the aim referred to above, consideration should be given during the negotiations to those barriers affecting products of export interest to the developing countries and that those countries should be invited to formulate their interests in concrete terms and to participate actively in the preparations for the negotiations.

4. The Board considered that section B of resolution 82 (III) should be implemented as soon as possible. The Board reaffirmed that special techniques, modalities and ground rules should be established for the negotiations to ensure that special attention be given to the interests of the developing countries and that all developing countries should be given the opportunity to participate fully, effectively and continuously in the negotiations in all their stages so that their interests would be fully taken into account. In this connexion the Board noted that steps had been initiated with a view to providing developing countries, whether or not members of GATT, with the opportunity to participate in the preparations for the negotiations. In particular it noted that a letter had been addressed by the Director-General of GATT to the developing countries non-contracting parties to the GATT, asking these countries to indicate whether their Governments would "wish to be associated with the preparatory work connected with the negotiations".

5. The Board, aware of the need to take into account the relevant recommendations and resolutions of UNCTAD, including Conference resolution 62 (III) of 19 May 1972, on special measures in favour of the least developed among the developing countries, took note of the principles put forward by the developing countries in section A of resolution 82 (III) and reiterated by them at the Board's twelfth session.

6. The Board recognized the need to bear in mind the possible relationship between the intergovernmental consultations on individual commodities following the seventh (special) session of the Committee on Commodities and the multilateral trade negotiations. In this connexion the specific nature of, and problems pertaining to, each commodity and the need to ensure improved access of primary

f/ Official Records of the Trade and Development Board, Twelfth Session, First Part, Annexes, agenda item 4, document TD/B/415 and Add.1.

g/ GATT document L/3670.

h/ GATT document L/3669.

commodities of export interest to developing countries to the markets of the developed countries, as well as the need for stable, equitable and remunerative prices, would also be borne in mind.

7. The Board noted action taken in pursuance of resolution 82 (III) to maintain and intensify contacts between the secretariats of UNCTAD and GATT with a view to co-ordinating their activities in assisting the developing countries to prepare for and participate in the various stages of the negotiations. The Board invited the Secretary-General of UNCTAD to enlist the co-operation and assistance of the regional economic commissions and their secretariats in this task in accordance with Economic and Social Council resolution 1722 (LIII) of 28 July 1972.

8. The Board invited the regional economic commissions and the United Nations Economic and Social Office at Beirut, with the assistance of the United Nations Development Programme in accordance with section D, paragraph 8 of resolution 82 (III), to give the highest priority to requests for assistance formulated by their members with a view to enabling them to participate effectively in the multilateral trade negotiations. The Board expressed the wish that the United Nations Development Programme should accord priority to these requests. The Board noted also, with satisfaction, that the Secretary-General of UNCTAD was completing the preparation of a United Nations Development Programme interregional project for technical assistance and advisory services to developing countries with the aim of helping them to prepare for and to take part in the multilateral trade negotiations, and invited the Programme to give favourable consideration to this project upon presentation.

341st meeting
23 October 1972

DECISION

93 (XII). Calendar of UNCTAD meetings for 1973 and
tentative schedule of meetings for 1974
and 1975

1973

	<u>Date</u>	<u>Duration</u>	<u>Location</u>
Technical Committee of the Joint UNCTAD/GATT Advisory Group on the International Trade Centre, second session	8-11 January	4 days	Geneva
Joint UNCTAD/GATT Advisory Group on the International Trade Centre, sixth session	16-19 January	4 days	Geneva
Intergovernmental Group on Transfer of Technology, second session	29 January- 9 February	2 weeks	Geneva
Working Group on the Charter of the Economic Rights and Duties of States, first session	12-23 February	2 weeks	Geneva

1973 (continued)

	<u>Date</u>	<u>Duration</u>	<u>Location</u>
Committee on Commodities seventh (special) session	27 February- 9 March	2 weeks	Geneva
United Nations Conference on Olive Oil, 1973	20-30 March	2 weeks	Geneva
Special Committee on Preferences, fifth session	3-13 April	2 weeks	Geneva
Trade and Development Board, fifth special session <u>i/</u>	24 April- 4 May	2 weeks	Geneva
Trade and Development Board, resumed twelfth session <u>j/</u>	immediately after 4 May	3-4 days	Geneva
United Nations Sugar Conference, 1973, first part	7-30 May	3-1/2 weeks	Geneva
Committee on Invisibles and Financing related to Trade, sixth session	3-13 July	2 weeks	Geneva
Working Group on the Charter of the Economic Rights and Duties of States, second session	16-27 July	2 weeks	Geneva
Advisory Committee to the Board and to the Committee on Commodities, eighth session	July	1-2 weeks	Geneva
Committee on Manufactures, sixth session	7-17 August	2 weeks	Geneva
Trade and Development Board, thirteenth session	21 August- 14 September	4 weeks	Geneva
United Nations Sugar Conference, 1973, second part	10 September- 10 October	4-1/2 weeks	Geneva
Committee on Shipping, sixth session	16-26 October	2 weeks	Geneva

* * *

i/ Should the General Assembly adopt a new budgetary cycle and procedures, the Working Party of the twelfth session would meet during this special session to consider the programme of work and budget for the biennium 1974-1975.

j/ To consider draft resolutions TD/B/L.304 and TD/B/L.311, (see annex IV below) and, if necessary, the report of the Working Party mentioned in foot-note i/ above (see paras. 42 and 44 of the foregoing report).

1973 (continued)

	<u>Date</u>	<u>Duration</u>	<u>Location</u>
Committee on Tungsten, seventh session	to be determined	1 week	Geneva
Permanent Sub-Committee on Commodities	if required	1 week	Geneva
Commodity consultations	as required	up to 10 weeks	Geneva
Working parties, study groups and expert groups	as required	up to 12 weeks	Geneva

1974

Permanent Group on Synthetics and Substitutes, sixth session	January	1 week	Geneva
Joint UNCTAD/GATT Advisory Group on the International Trade Centre, seventh session	January	4 days	Geneva
Working Group on International Shipping Legislation, fourth session	February	2 weeks	Geneva
Intergovernmental Group on Transfer of Technology, third session	February/ March	2 weeks	Geneva
Special Committee on Preferences, sixth session	April/May	2 weeks	Geneva
Advisory Committee to the Board and to the Committee on Commodities	July	1-2 weeks	Geneva
Trade and Development Board, fourteenth session	20 August- 13 September	4 weeks	Geneva
Committee on Manufactures, seventh session	November/ December	2 weeks	Geneva
* * *			
Committee on Tungsten	as required	1 week	Geneva
Working Group on Tungsten, ninth session	to be determined	1 week	Geneva or New York
Permanent Sub-Committee on Commodities	if required	1 week	Geneva

1974 (continued)

	<u>Date</u>	<u>Duration</u>	<u>Location</u>
Commodity conferences	as required	up to 10 weeks	Geneva
Commodity consultations	as required	up to 10 weeks	Geneva
Working parties, study groups and expert groups	as required	up to 16 weeks	Geneva

1975

Joint UNCTAD/GATT Advisory Group on the International Trade Centre, eighth session	January	4 days	Geneva
Permanent Group on Synthetics and Substitutes, seventh session	January/ February	1 week	Geneva
Committee on Commodities, eighth session	February	2 weeks	Geneva
Committee on Shipping, seventh session	March/April	2 weeks	Geneva
Trade and Development Board, sixth special session	April/May	2 weeks	Geneva
Advisory Committee to the Board and to the Committee on Commodities	July	1-2 weeks	Geneva
Special Committee on Preferences, seventh session	July	2 weeks	Geneva
Trade and Development Board, fifteenth session	19 August- 12 September	4 weeks	Geneva
Committee on Invisibles and Financing related to Trade, seventh session	September/ October	2 weeks	Geneva
Working Group on International Shipping Legislation, fifth session	December	2 weeks	Geneva
* * *			
Committee on Tungsten	as required	1 week	Geneva
Working Group on Tungsten, tenth session	to be determined	1 week	Geneva or New York

1975 (continued)

	<u>Date</u>	<u>Duration</u>	<u>Location</u>
Permanent Sub-Committee on Commodities	if required	1 week	Geneva
Commodity conferences	as required	up to 10 weeks	Geneva
Commodity consultations	as required	up to 10 weeks	Geneva
Working parties, study groups and expert groups	as required	up to 16 weeks	Geneva

341st meeting
23 October 1972

OTHER DECISIONS TAKEN BY THE BOARD DURING THE
FIRST PART OF ITS TWELFTH SESSION

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

1. At its 341st meeting on 23 October 1972, the Board decided that consideration of the texts in documents TD/B/L.304 and TD/B/L.311 1/ be deferred until the second part of the twelfth session of the Board to be convened for one day immediately after its fifth special session scheduled for April 1973 in order to consider the report of the Working Party on the work programme of UNCTAD, m/ and that the second part of the session should be prolonged for three or four days.

2. At the same time the Board

(a) expressed its appreciation for the efforts undertaken by the Secretary-General of UNCTAD in pursuance of paragraph 7 of Conference resolution 84 (III) and requested him to continue and further develop his consultations with the Managing Director of the International Monetary Fund and the Director-General of GATT, as required;

(b) also requested him to submit reports to members of UNCTAD when he considered it necessary and, in the intervals between sessions of the Board, to utilize fully existing procedures and mechanisms for consultation.

k/ See paras. 43 and 44 of the foregoing report.

1/ For the texts of these documents, see annex IV below.

m/ Should the General Assembly adopt a new budgetary cycle and procedures, the Working Party of the twelfth session would meet during this special session to consider the programme of work and budget for the biennium 1974-1975.

Consequential changes in certain of the rules of procedure of
the Trade and Development Board and of its main Committees
pursuant to General Assembly resolution 2904 (XXVII) of
26 September 1972 and Board decision 45 (VII) of
21 September 1968 n/

At its 329th meeting, on 16 October 1972, the Board adopted the following amendments to certain of the rules of procedure of the Board and of the main committees of the Board:

A. Rules of procedure of the Trade and Development Board

(a) Rule 1 was amended to read:

"The Trade and Development Board shall normally hold one regular session a year."

(b) Rule 2 was amended to read:

"Each regular session of the Board shall be held, subject to the provisions of rule 3, at a date and place fixed by the Board at a previous session, in order to enable the General Assembly to consider the annual report of the Board in the same year."

(c) Rule 3 was amended to read:

"The Secretary-General of UNCTAD is authorized, with the concurrence or on the initiative of the President of the Board or the Chairman of any of its subsidiary organs, to alter the dates of meetings when this is deemed to be in the interests of the work of the Organization."

(d) In rule 40, paragraph 2, the title of subparagraph (c) was amended to read: "Initiation of conciliation by a presiding officer".

(e) In rule 43, paragraph 2, subparagraph (d) first sentence, the words "the President or the Chairman" were replaced by the words "the President of the Conference or the President of the Board".

(f) In rule 48, paragraph 2, subparagraph (d), second sentence, the phrase "Chairman of the organ concerned", was replaced by the words "presiding officer of the organ concerned".

(g) Rule 76 was amended to read:

"Any member of the Conference shall be entitled to participate in the deliberations of the Board on any item on its agenda of particular concern to that member with all the rights and privileges of a Board member except the right to vote."

n/ See chap. V, sect. F, of the foregoing report.

B. Rules of procedure of the main Committees of the Board

- (h) Rule 1 of the rules of procedure of the main Committees was amended to read:

"The Committee... shall normally meet twice in regular session between any two sessions of the Conference. However, additional regular sessions of the Committee may be held whenever the Trade and Development Board decides that the interest of the work of the Organization so requires."

- (i) Rule 3 was amended to read:

"The Secretary-General of UNCTAD is authorized, with the concurrence or on the initiative of the President of the Board or the Chairman of any of its subsidiary organs, to alter the dates of meetings when this is deemed to be in the interests of the work of the Organization."

- (j) Rule 18 was amended to read:

"At the commencement of the first meeting of the first regular session, the Committee shall elect... ". As a consequential amendment the words "Each year" should be omitted from rule 18 of the Committees' rules of procedure.

- (k) In rule 48, paragraph 2 the title of subparagraph (c) was amended to read "Initiation of conciliation by a presiding officer".
- (l) In rule 48, paragraph 2, subparagraph (d), second sentence, the phrase "Chairman of the organ concerned", was replaced by the words "presiding officer of the organ concerned".

Designation of intergovernmental bodies under rule 78
of the rules of procedure of the Trade and Development
Board o/

At its 333rd meeting on 18 October 1972 the Trade and Development Board approved the applications of the Council of the Cartagena Agreement and of the Andean Development Corporation for inclusion in the list provided for in rule 78 of its rules of procedure and in rule 80 of the rules of procedure of the Conference.

Designation and classification of non-governmental organizations for
the purpose of rule 79 of the Board's rules of procedure p/

At its 333rd meeting, on 18 October 1972 the Board approved the applications of the following 11 non-governmental organizations and decided that they should be classified as follows:

o/ See para. 298 of the foregoing report.

p/ See para. 300 of the foregoing report.

General category:

International Federation of Operational Research Societies

Commission of the Churches on International Affairs of the World Council of Churches

Latin American and Caribbean Federation of Exporters' Associations

International Council of Voluntary Agencies

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

	<u>UNCTAD organ</u>
International Superphosphate and Compound Manufacturers Association Limited	Committee on Commodities Committee on Manufactures
European Council of Chemical Manufacturers' Federations	Committee on Commodities Committee on Manufactures
Co-ordination Committee for the Textile Industries in the European Economic Community	Committee on Commodities Committee on Manufactures
Latin American Iron and Steel Institute	Committee on Commodities Committee on Manufactures
Hemispheric Insurance Conference	Committee on Invisibles and Financing related to Trade
Committee of European National Shipowners' Associations	Committee on Shipping
Latin American Association of Development Finance Institutions	Committee on Invisibles and Financing related to Trade

ANNEX II

Statement by Mr. Manuel Pérez Guerrero, Secretary-General of UNCTAD, at the opening of the twelfth session of the Trade and Development Board

At this twelfth session, the Board should, I believe, once again, concentrate on the tasks which lie ahead, rather than indulge in a retrospective soul-searching exercise and speculate as to whether more could have been achieved at the third session of the United Nations Conference on Trade and Development, at Santiago, in the prevailing or in different circumstances, as to the reasons for failure in certain areas and for success in others. Clearly, and while I do not suggest that the secretariat and I can be complacent about our performance, the responsibility for what was done or left undone in Santiago is shared by the Governments of all member States, keeping in mind that the greater the power, the greater is the responsibility.

The follow-up of the third session of the Conference

As I indicated in my report to the Secretary-General of the United Nations (TD/179), the significance of the Santiago Conference as a landmark in UNCTAD's itinerary will depend on the action taken by all concerned, agencies as well as Governments, in order to give effect to the Conference resolutions. It may, for example, eventually be recognized that the Conference was held at a very appropriate time if its resolutions on the multilateral trade negotiations, on the international monetary situation and on commodity consultations positively influence - as they are expected to do - the course of action in those interrelated areas for the benefit of all and more particularly those who remain in an underprivileged position: the developing countries. Nor will anybody deny that the approval at that session of the Conference of a programme of action in favour of the least advanced and land-locked developing countries was a timely initiative.

In the continuing process of action in the field of trade and development, the permanent machinery of UNCTAD has a critical part to play. While it would be foolish to underestimate the difficulties that lie ahead, there is no doubt that it has a constructive, perhaps decisive, contribution to make to building a new and more equitable order out of the fluid and precarious situation in which the world economy now finds itself and to halting the continuing loss of ground of the developing countries in international trade, q/ a deterioration which has become a matter of even greater concern as a result of the monetary crisis.

The Conference has broadened the scope of the responsibilities of the permanent machinery and given new impetus to its activities, as is evidence by the work programme prepared for your consideration. This work programme attempts to show, as clearly and specifically as possible, how it is proposed to intensify or

q/ See "Salient Features of World Trade and Development, 1971/1972", document TD/B(XII)Misc.1.

reorient the efforts of the secretariat in pursuance of the Conference resolutions. It reflects the advances made in Santiago with respect to such major topics, besides that of the special needs of the least developed and land-locked countries, as maritime transport, the transfer of technology, restrictive business practices, including those generated by multinational enterprises, and trade relations among countries having different economic and social systems. Admittedly, one new and important undertaking - the preparation of a charter of the economic rights and duties of States - is merely mentioned in the work programme. It is also difficult at this stage to formulate as a project the implementation of Conference resolution 43 (III), which exhorts UNCTAD, and indeed the United Nations as a whole through the General Assembly, to do more than has been done in the past to inform more adequately, and so increasingly to influence, public opinion throughout the world, particularly in those countries whose actions or omissions attract most attention on the international scene. By and large, however, the work programme, together with the proposed calendar of meetings, indicates how UNCTAD might press forward under the authority and with the guidance of the Board, subject to the availability of adequate resources.

As it considers the matters on its agenda at this session, and more particularly when it examines the work programme and the calendar of meetings, the Board will have an opportunity to decide what is to constitute appropriate action in pursuance of each and every resolution adopted at Santiago. In this opening statement, I should like to concentrate on the critical issues which emerged from the Santiago deliberations and which urgently call not only for more secretariat work but also for new commitments at the intergovernmental level on a broad front, to facilitate the search for compromises and the most appropriate channelling of efforts and to continue effectively to the review and appraisal of the international strategy.

Multilateral trade negotiations and continuing action within UNCTAD

The multilateral trade negotiations envisaged under the auspices of GATT should contribute not only to the solution of problems which have arisen among major trading nations, but also to an improvement in the position of developing countries in world trade. UNCTAD has therefore an important part to play both before and during the negotiations in question. Indeed, Conference resolution 82 (III) calls for continued vigorous action in UNCTAD with a view to expanding the trade of developing countries.

(a) Commodity trade

Everyone recognizes, I believe, that the Conference achieved no tangible result at Santiago with respect to trade in primary commodities. Commodity problems are both fundamental and stubborn, as exemplified by the diversification issue, which lies at the very heart of the matter of the structural transformation of the economies of developing countries but raises the question of parallel or consequential adjustments in the economies of the developed countries. No agreement was reached in Santiago on the view, insistently put forward by developing countries, that progress in this respect involves not only horizontal but also - and more particularly - vertical diversification, not only mobilizing adequate resources to carry out diversification programmes but also improving access to the markets of developed countries.

It must be frankly and firmly stated that the inability to make headway with respect to access to markets and pricing policy - two strategic determinants of the volume of the export earnings of developing countries and of their capacity to carry out their development plans - was a major setback at the third session of the Conference. The sharp differences between the two draft resolutions r/ submitted on this matter and referred by the Conference to the Board for further consideration constitute quite a challenge. Conference resolution 83 (III), however, offers a new and practical approach to narrowing these differences, if admittedly not a full alternative. It provides that the forthcoming seventh session of the Committee on Commodities should be a special, open-ended one mainly devoted to organizing intensive intergovernmental consultations and to designating ad hoc consultative groups on a number of carefully selected commodities or groups of commodities, "with the aim of reaching concrete and significant results on trade liberalization and pricing policy early in the 1970s". I regard these consultations, for which we are now preparing the ground, as an opportunity to translate into concrete action UNCTAD resolutions framed within the International Development Strategy. Much depends, however, on the determination of Governments to transcend narrow or short-term interests, to grapple with the obstacles to a better international division of labour and a more rational use of resources. The divergences between those who favour a substantial and straightforward liberalization of trade and those who advocate the organization of commodity markets - divergences which figure prominently in the prospects for the multilateral trade negotiations to be conducted under GATT auspices - can continue to prevent or postpone indefinitely any meaningful action but could also, if determination prevails, evolve into a beneficial process of cross-fertilization of ideas and into constructive and progressive policies. Such determination should lead to practical results in UNCTAD which could facilitate the multilateral trade negotiations, the efforts pursued in UNCTAD and those to unfold in GATT thus becoming mutually supporting.

The multilateral trade negotiations now envisaged are to be broader in scope - as they should be - than any previous round of trade negotiations, and developing countries have been given the assurance that special attention will be given to their problems, including agricultural problems. This enables us to hope that any removal or alleviation of protective measures that may be achieved will enable the developing countries to benefit proportionately more than developed countries. earmarking stipulated shares of increased consumption requirements in developed countries for imports from developing countries would be one way of conferring concrete trade benefits on developing countries and, in a dynamic perspective, would seem to constitute a promising approach in certain cases. It should be stressed, however, that improved access to markets for major commodity exports of developing countries presupposes careful selection, not only of the most suitable techniques but also of the specific commodities deserving priority attention. For this reason, particular significance attaches to the programme of consultations to be launched early next year by the seventh session of the Committee on Commodities. Efforts in GATT and UNCTAD should converge towards the objective of securing agreement on increased export opportunities or higher prices, or both, so that tangible trade benefits do in fact accrue to developing countries. That there is scope for "reaching concrete and significant results early in the Decade" through improved access to world markets at "stable, remunerative and equitable prices", as envisaged in the International Development Strategy, is evidenced by the fact that new trade opportunities, worth several billion dollars a year, would arise if high-income countries ensured that current rates of self-sufficiency were, at

r/ See Proceedings of the United Nations Conference on Trade and Development, Third Session, vol. I, Report and Annexes (United Nations publication, Sales No: E.73.II.D.4), annex VII, documents TD/III/C.1/L.11 and TD/III/C.1/L.13.

least, not increased for a limited number of agricultural commodities, or if they abated their price-support policies which, in most cases, encourage high-cost production.

The co-ordination of GATT and UNCTAD activities requested by Conference resolution 82 (III) should ensure not only that improved market opportunities materialize but also that they do not materialize solely for the benefit of the rich countries themselves, or only with marginal or doubtful advantages for the poor countries. Over the last 20 years, a period during which the growth of trade in agricultural products has not kept pace with the growth of trade in manufactures, agricultural exports of developing countries have increased at a much slower rate than those of developed countries and the report recently submitted by the Director-General of FAO to the FAO Regional Conference for Europe aptly reminds us that if developed countries increase by \$4 billion their agricultural imports from developing countries, this increase will affect less than 1 per cent of their total imports, which it is estimated will be of the order of \$500 billion a year by 1980. As for the share of this total which involves vested interests relatively free of protectionist considerations, that is, imports of tropical products, I cannot but persist in believing, after so many years of inconclusive efforts to reach a cocoa agreement, that current negotiations to achieve such an agreement are an important test of the political will and determination of all concerned to work out a compromise with a view to enabling economies still heavily dependent on one or two export commodities to develop on a less precarious basis and to providing a better foundation for co-operative development efforts.

(b) Trade in manufactures and semi-manufactures

Negotiations on primary commodities will naturally be related to negotiations on industrial products, an area in which GATT has been successful in the past and in which reliance on techniques of across-the-board, linear tariff reduction may appear promising on the basis of past experience. Yet, if special attention is to be given this time to the problems of developing countries, it will be necessary to examine carefully and choose techniques and modalities, so as to ensure that the tariff reductions achieved do not again benefit mainly the countries already enjoying a favourable position. Indeed, in an area where discussion on relatively broad and homogeneous categories of items might be possible, let us not overlook the risk of a compartmentalization of the negotiations which would adversely affect their scope and the effective involvement of all concerned. In this respect, some apprehensions may be voiced about the consideration now being given in GATT to the future of the Long-Term Arrangement on Cotton Textiles. This arrangement operates in a way which falls sufficiently short of the hopes initially placed in it to justify envisaging with great circumspection the possibility of its prolongation and its extension to textiles other than cotton, since disposing of the textile issue in advance of the proposed general negotiations might deprive many developing countries of a considerable part of their bargaining power and interest in those negotiations.

More generally, the multilateral negotiations should stimulate efforts to identify and reduce non-tariff barriers. In industrialized countries, billions of dollars continue to be spent on the protection of uneconomic production not only in agriculture but also in industry. The prospect of successful negotiations depends a great deal on whether developed countries are prepared to make progress in devising and implementing adjustment assistance measures which could lead to a

meaningful improvement of the international division of labour. In this respect, it is heartening to see that the report of the High Level Group on Trade and Related Problems to the Secretary-General of the Organization for Economic Co-operation and Development (OECD), known as the Rey report, advocates the elimination of quantitative restrictions, the lowering of other non-tariff barriers and the adoption of adjustment measures. These recommendations would correspond to the preoccupations of UNCTAD inasmuch as they could be implemented in a way tending to increase the participation of developing countries in international trade, including trade in manufactures and semi-manufactures. In this context, it is relevant to stress the importance of Conference resolutions 72 (III) and 76 (III) which call for continued action by UNCTAD with respect to adjustment assistance and non-tariff barriers.

The proposed multilateral negotiations cannot be approached without taking into account the generalized system of preferences, which is still in the process of becoming what it was intended to be. Since the third session of the Conference, the Government of Canada has taken steps to seek parliamentary approval for the implementation of its scheme of preferences, and it is to be hoped that this scheme will soon enter into force. I trust that the United States Government will, as indicated by its representative in Santiago, proceed as expeditiously as possible to seek and obtain the necessary legislative action, since prolonged delay in the implementation of the United States scheme would certainly affect the balance of both efforts and benefits (burden sharing) envisaged under the system and would also seriously hamper the prospects of an early and significant improvement in the schemes of other countries which have already given effect to their undertaking. In this connexion, it should be remembered that four of the five socialist countries of Eastern Europe which maintain customs tariffs have made their schemes of preferences effective. In their Joint Declaration, the countries announced that, in addition to tariff preferences, they would take other economic and trade measures which would be, as a rule, of a preferential nature and which would be specifically designed to expand their imports, particularly of manufactures, from developing countries. The socialist countries are expected to specify as soon as possible the operational measures they intend to take to give effect to their Joint Declaration, pursuant to Conference resolution 77 (III).

One of the most important tasks of the Special Committee on Preferences established by the Conference as part of the permanent machinery of UNCTAD will be to deal with the possible impact of tariff reductions on the preferential margins on products included in the schemes of generalized preferences, and to do so in such a way as to make its session scheduled for April 1973 contribute significantly to the preparations for the multilateral trade negotiations.

Last but not least, the progress which can be achieved by developing countries in intensifying economic co-operation among themselves, as envisaged in Conference resolution 48 (III), should not only improve their trade position in general but also strengthen their bargaining position in negotiations with developed countries or groupings of such countries.

Development assistance and the debt problem

In the field of development assistance, the lack of results at the third session of the Conference is all the more regrettable as it has become clear and indisputable that, unless the situation soon improves significantly, the minimum

targets for the volume of such assistance embodied in the International Development Strategy - which were to be attained in 1975 - are unlikely to be reached within the span of the Second United Nations Development Decade.

One of the most serious shortcomings of the third session of the Conference was the failure to deal adequately with the debt problem. The President of IBRD, in his statement to the Conference, pointed to certain ominous features of the outlook in a number of countries and expressed the view that, if the flow of official development assistance were to level off at substantially less than the target for the Decade, the developing world would inevitably face the problems of mounting debt. In its latest annual report, the IBRD indicates that debt service payments of developing countries are estimated to have increased in 1970 by 18 per cent, almost twice the average rate of recent years, observing that the same rate seems likely to continue. These views are entirely in line with the analysis and projections placed before the Conference by the UNCTAD secretariat.

This diagnosis is not yet, however, subscribed to by all Governments, although most, both of developed and developing countries, are greatly concerned about the possibility of growing difficulties in certain countries in meeting debt service obligations.

Even more serious is the divergence of views on the measures which should be adopted for dealing with the debt problem. It is not yet generally accepted that policies to deal with the debt problem must take into account not merely the need for preserving confidence and the integrity of contractual obligations, but also the relationship of such obligations to the over-all development of the developing countries. This is a field in which much greater efforts are needed to achieve a meeting of minds, both as regards the character of the problem and as regards the means of dealing with it.

The Conference proposed the establishment of "a special body within the machinery of UNCTAD" to deal with these matters, and this proposal is before the Board for consideration. The secretariat would, of course, be quite ready to provide all the necessary services to such a body if established, but further discussion in the Committee on Invisibles and Financing Related to Trade may well be necessary before the degree of consensus can be reached that is required for the creation of new machinery along these lines.

These persistent difficulties enhance the importance which attaches to the establishment of a link between special drawing rights in IMF and additional development finance. Conference resolution 84 (III) recognized that the subject of such a link deserved the most serious attention and invited the Executive Directors of the International Monetary Fund to present as soon as possible to their Board of Governors the studies required for decisions that are necessary on the implementation of a viable scheme. The report of the Executive Directors, issued on 7 September 1972, seems to find much merit in SDRs as a means of extricating the international community from its monetary predicament, but how and when provision will be made for the particular needs and interests of developing countries in this connexion still remains a moot question. It should be acknowledged, however, that the International Monetary Fund has lost no time in taking positive action on the proposals embodied in Conference resolution 84 (III) for creating a Committee of Twenty of its Board of Governors, with nine representatives from developing countries, to advise the Board of Governors on issues related to the reform of the international monetary system.

International trade and payments and policy co-ordination

Meanwhile, the international monetary situation continues to give rise to concern. While the Smithsonian Agreement represented a first step towards dealing with the imbalance which had been building up over a period of years, no one claims that in and of itself it could provide a complete solution of current problems. It was recognized from the beginning that the exchange rate realignment agreed upon would necessarily take time to exert its full impact, and that, in the interval, it might be difficult to avoid new dangers or even fresh crises, as illustrated by the decision to allow the sterling exchange rate to float. In addition, the inevitable uncertainty as to how far the realignment may prove adequate to achieve its objectives tends to generate speculative ebbs and flows which, in themselves, may tend to create profoundly unstable conditions.

But apart from short-range problems of this type, there are the longer-term problems associated with creating a durable and resilient system of international trade and payments. In my statement to the Conference on these matters on 4 May, I stressed the close connexion between the problems that have arisen in international trade and in the international monetary system. I pointed out that the accumulated problems of the world economy could not be resolved simply by action in one particular sphere, whether in the international monetary system or in international trade relations. What was needed was a combination of measures in a number of fields conceived within a coherent and consistent framework. Governments have become increasingly aware that the adjustments required to restore international equilibrium may go beyond the field of exchange-rate policy and extend to the area of trade relations and of capital movements. Thus, the problem is larger than the reform of the international monetary system narrowly considered. We are at the beginning of a re-examination of the entire framework of international economic relations, involving not only developed and developing countries, but also countries of differing economic and social systems.

Since I made my statement to the Conference, the Council of Ministers of the OECD has come to a similar conclusion, as pointed out in the relevant report before you. s/ More recently this idea has been further stressed in the Rey report. Moreover, the Rey report points to the need for an efficient forum for policy co-ordination and multilateral economic co-operation generally, to promote parallel progress in the monetary and trade fields and to ensure that domestic economic policies are better adapted to the process of international adjustment.

The Rey report goes on to suggest that because of their economic importance the industrialized countries have special problems and special responsibilities in that regard, and it suggests various ways in which the OECD might discharge these responsibilities.

I have no doubt that the member Governments of the OECD will find it useful to consult one another within that forum as to the best methods to achieve policy co-ordination and multilateral economic co-operation generally. No one can possibly object to such a course of action. But it will, I imagine, be equally agreed that efforts to achieve co-ordination within any limited forum cannot be a

s/ Official Records of the Trade and Development Board, Twelfth Session, First part, Annexes, agenda item 4, document TD/B/412.

substitute for the kind of consultations in a wider setting envisaged in Conference resolution 84 (III). This is the point of view which we have placed before you in the above-mentioned document, in which I also report to the Board on my consultations with the Managing Director of the IMF and the Director-General of GATT, in line with the instructions of the Conference.

These consultations have confirmed that the problem of the co-ordination of policies in the fields with which the IMF, GATT and UNCTAD are concerned is a genuine and important one. It also emerged that, while the Committee of Twenty established by the IMF to undertake negotiations on international monetary reform is required under its terms of reference to take related issues into account, including trade relations, the flow of capital and development assistance, that Committee would not in itself constitute the forum in which over-all co-ordination should be effected. The issue therefore remains open as to how best to achieve the purposes specified in Conference resolution 84 (III), particularly paragraph 7 of that resolution.

The question for the Board at this stage is one of broad policy, namely, whether the type of interdisciplinary co-ordination envisaged in resolution 84 (III) should be sought through further meetings of heads of agencies or whether it would be desirable for Governments themselves to become involved. In this connexion, it should be noted that the Rey report envisages governmental involvement in the co-ordination process. In the first place, the report states in paragraph 354 that "the OECD appears to be the most appropriate place for discussing and dealing with interrelated policy matters requiring joint action, and has powers of decision of which more use should be made".

Secondly, in paragraph 329 the report points to the possibility of setting up within GATT a high-level body with limited membership which might function as a steering group for GATT and which could represent the Contracting Parties in contacts with IMF.

It will be apparent, therefore, that the Rey Committee did not see any constitutional or procedural difficulty about arranging for contacts between intergovernmental groups representative of the various agencies such as GATT and IMF and, presumably, UNCTAD. It is true that the Rey report does not specifically mention the need for UNCTAD involvement in such contacts, but I take it that the advantages of such involvement would be readily acknowledged.

Despite the recommendations of the Rey report, I have not made any specific proposal at this stage, but this should not be interpreted as meaning that I feel that the matter can be allowed to go by default, or that any partial approaches could be regarded as satisfactory to all groups of countries represented here in the Board. I have limited myself to stating the facts because I feel that the secretariat needs further guidance from Governments before undertaking to propose specific arrangements to attain the objectives of Conference resolution 84 (III).

Concluding remarks

At this juncture, ensuring that the third world can participate effectively in international affairs is an issue ever more prominent among those which confront the international community. What is now beyond question, I believe, is

the notion that decisive efforts to improve the lot and prospects of the peoples of the developing world, that is the efforts of the developing countries themselves to provide jobs, better standards of living and greater dignity for their citizens, involve seeking greater participation in international trade. Equally accepted, it seems, is the view that aid is a means of helping to foster economic diversification and thereby more active participation in international trade. It now remains, however, to give effect to the proposition, which in my opinion is equally important and valid, that greater participation in international economic life implies greater participation in international decision-making.

Admittedly, greater participation of developing countries in international decision-making is only a means to an end and so is, a fortiori, arranging for an adequate forum in which to seek and achieve policy co-ordination. But policy co-ordination in the fields with which IMF, GATT and UNCTAD are concerned is not only a genuine and important problem, as I just observed. It is also a major element of the search for greater coherence and purposefulness launched through the International Development Strategy for the Second United Nations Development Decade. One must be able to assume that the misgivings of those who see growth as a mixed blessing will not prejudice the role of sustained world economic growth as a mainstay of international co-operation for development. And one should also be able to take it for granted that the co-ordination of policies regarding such important matters as monetary issues, trade and development will not be found wanting in the review and appraisal for which we have scheduled a special session of the Board next spring. If this should be the case, it might be feared that the broader complex of endeavours which the General Assembly is to review and appraise at the end of 1973 would be so adversely affected as to generate serious doubts about the credibility of the Second United Nations Development Decade as a framework, and even jeopardize its hortatory value, at damaging expense to the credit of the United Nations family of organizations.

I trust that all Governments will want to justify the expectation of all those who sincerely believe in the broadest possible multilateral co-operation for development, and implement in earnest the resolutions adopted by the Conference at its third session. Of course, the permanent machinery of UNCTAD alone cannot do all that is required in this respect. Much will depend on the political will and sense of urgency that Governments will deploy in more specialized forums. The UNCTAD secretariat, for its part, will do its utmost to enable the permanent machinery to perform the functions which the Conference expects it to perform. The representativeness and dynamism of this machinery should facilitate, beyond the promotion and safeguarding of national and regional aspirations or interests, their reconciliation and harmonization in a manner truly responsive to the impatience of the new generation everywhere. In the performance of this task lies the value of UNCTAD's contribution to solving the problems of our times, to imparting the required momentum to the implementation of the International Development Strategy during the Second United Nations Development Decade.

ANNEX III

Declaration made at the 330th meeting of the Board, on 16 October 1972,
by the representative of Argentina on behalf of Argentina, Colombia,
Ecuador, Guatemala, Mexico, Peru, Uruguay and Venezuela concerning
permanent sovereignty over natural resources

1. The representatives of the following Latin American countries, members of the Trade and Development Board, Argentina, Colombia, Ecuador, Guatemala, Mexico, Peru, Uruguay and Venezuela, have learnt with deep concern of the situation, described by the representative of Chile in the Board on 6 October 1972, regarding the marketing of Chile's principal export: copper.
2. The situation which has been created could be interpreted as disregard for the sovereign right of a State freely to dispose of its natural resources in the interest of the economic and social progress of its people.
3. Expropriation and subsequent nationalization of natural resources are acts of undeniable sovereignty within the exclusive competence and subject to the sole decision of the State in which the resources are situated, in conformity with its national constitution, laws and regulations.
4. Any attempt to prevent or hinder, directly or indirectly, the exercise of this legitimate right, violates the principles of free determination and sovereignty of States recognized in the Charter of the United Nations and set out and made clear, in relation to the utilization of natural resources, in the Human Rights Covenants and in repeated resolutions of the General Assembly and the United Nations Conference on Trade and Development.
5. Under these circumstances, the representatives of the Latin American States making the present declaration express their solidarity with their sister nation in its defence of the principles enunciated in paragraphs 2, 3 and 4 above in relation to the situation described in paragraph 1, and call on the international community to take strong action to ensure that those principles are observed and put into effect.

ANNEX IV

TEXTS OF THE DRAFT RESOLUTIONS CONSIDERATION OF WHICH WAS DEFERRED UNTIL
THE SECOND PART OF THE TWELFTH SESSION OF THE TRADE AND DEVELOPMENT BOARD

Draft resolution submitted by: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Ethiopia, Gabon, Ghana, Guatemala, Guinea, India, Indonesia, Iran, Iraq, Jordan, Kenya, Libyan Arab Republic, Madagascar, Malaysia, Mauritius, Mexico, Nigeria, Pakistan, Peru, Philippines, Rwanda, Senegal, Sri Lanka, Sudan, Syrian Arab Republic, Thailand, Uganda, Upper Volta, Uruguay, Venezuela, Yugoslavia, Zaire t/

/document TD/B/L.304/

The Trade and Development Board,

Recalling resolution 84 (III) of the third session of the United Nations Conference on Trade and Development concerning the international monetary situation in which it, inter alia, took note of the interdependence between problems of trade, development, finance and the international monetary system, acknowledged that decisions taken in any one of those fields would have repercussions on others and urged that problems in the monetary, trade and finance spheres should be resolved in a co-ordinated manner, taking into account their interdependence, with the full participation of developed and developing countries,

Recalling further its resolution 84 (XI) of 20 September 1971 on the impact of the present international monetary situation on world trade and development, especially of the developing countries,

Recalling also that one of the principal functions of the United Nations Conference on Trade and Development is to promote international trade, especially with a view to accelerating economic development and to be available as a centre for harmonizing the trade and related development policies of Governments and regional economic groupings in pursuance of Article 1 of the Charter,

Having in view that the Conference will play, within its competence, an important role in the implementation of the International Development Strategy and in reviewing the progress in that implementation,

Taking note of the terms of reference of the ad hoc Committee of the Board of Governors of the International Monetary Fund on Reform of the International Monetary System and Related Issues whereby the Committee is to give full attention to the interrelationship between the reform of the international monetary system and existing or prospective arrangements amongst countries, including those that involve international trade, the flow of capital, investment, or development assistance,

t/ At the 341st meeting, on 23 October 1972, it was announced that the developing countries of Asia and Latin America had ceased to be sponsors of the draft resolution.

Taking note further of the measures taken within the General Agreement on Tariffs and Trade for the preparation of the multilateral trade negotiations as well as the information contained in paragraphs 8, 9 and 10 of the report of the Secretary-General of the United Nations Conference on Trade and Development, u/

Having in mind the need for the Conference to be adequately organized with a view to associating itself, within its competence and in pursuance of Conference resolutions 84 (III) and 82 (III) with any steps that shall be taken to solve the problems in monetary, trade and finance spheres in a co-ordinated manner,

Conscious of the need for the scope of the forthcoming multilateral negotiations involving the international monetary system, international trade and the flow of capital investment or development assistance to be defined in a manner which would provide equitably for the requirements of developed and developing countries alike,

Recalling resolution 80 (III) on review of the institutional arrangements of UNCTAD in which the Conference reiterates that the task of negotiation, including exploration, consultation and agreement on solutions, is a single process, and, in the context of such a process the achievement of solutions as emphasized in Board decision 45 (VII), is and remains the primary objective of UNCTAD, which should be vigorously pursued,

1. Welcomes the establishment of the ad hoc Committee of the Board of Governors of the International Monetary Fund on Reform of the International Monetary System and Related Issues;

2. Urges the Contracting Parties to the General Agreement on Tariffs and Trade in making arrangements for the multilateral trade negotiations to give special attention to the interests of the developing countries as expressed in the agreed conclusions of the Board contained in... ;

3. Decides that the Trade and Development Board hold periodically special sessions at the highest possible political level whenever necessary before and during the trade negotiations and discussions on monetary reform taking place in GATT and IMF respectively, with a view to ensuring the effective contribution of UNCTAD, within its competence, to the solution of the problems in the monetary, trade and finance spheres in a co-ordinated manner and the participation in any consultations that may be arranged to this end, by the agencies concerned having regard to paragraphs 1 and 2 above;

4. Requests the Secretary-General of UNCTAD, in consultation with the President of the Board, to convene in Geneva the first of these special sessions of the Board, it being understood that not more than four such sessions would be held in any one year and that each session would last not more than five days;

5. Expresses its appreciation for the efforts undertaken by the Secretary-General in pursuance of paragraph 7 of resolution 84 (III) and requests him to continue and intensify his consultations with the Managing Director of the IMF

u/ Official Records of the Trade and Development Board, Twelfth Session, First part, Annexes, agenda item 4, document TD/B/412.

and the Director-General of GATT, as frequently as required and to submit reports and recommendations as appropriate and prepare the necessary documentation which should, together with the reports of the main Committees, assist the Board at these special sessions in discharging its functions;

6. Requests further the Secretary-General of UNCTAD to prepare the necessary documentation regarding the possibility of establishing in Geneva a permanent consultation machinery among GATT, IMF and UNCTAD for solving problems in trade, development and monetary issues related to trade and development in a co-ordinated manner and report to the Trade and Development Board, not later than at its second special session.

Draft resolution submitted by the President of the Board^{v/}

[document TD/B/L.311]

The Trade and Development Board,

Recalling resolution 84 (III) of the United Nations Conference on Trade and Development concerning the international monetary situation in which it, inter alia, took note of the interdependence between problems of trade, development finance and the international monetary system, acknowledged that decisions taken in any one of these fields will have repercussions on others and urged that problems in the monetary, trade and finance spheres should be resolved in a co-ordinated manner, taking into account their interdependence with the full participation of developed and developing countries,

Noting its resolution 84 (XI) of 20 September 1971 on the impact of the present international monetary situation on world trade and development, especially of the developing countries,

Recalling also that, as stated in General Assembly resolution 1995 (XIX), one of the principal functions of the United Nations Conference on Trade and Development is to promote international trade, especially with a view to accelerating economic development and to be available as a centre for harmonizing the trade and related development policies of Governments and regional economic groupings in pursuance of Article 1 of the Charter,

Having in view that the Conference will play, within its competence, an important role in the implementation of the International Development Strategy and in reviewing the progress in that implementation,

Taking note of the terms of reference of the ad hoc Committee of the Board of Governors of the International Monetary Fund on Reform of the International Monetary System and Related Issues whereby the Committee is to give full attention to the interrelation between the reform of the international monetary system and existing or prospective arrangements among countries, including those that involve international trade, the flow of capital, investment, or development assistance,

^{v/} At the 341st meeting, on 23 October 1972, it was announced that the developing countries of Asia members of the Group of 77 would sponsor the draft resolution.

Taking note further of the measures taken within the GATT for the preparation of the multilateral trade negotiations as well as relevant information contained in the report of the Secretary-General of UNCTAD, w/

Having in mind the need for UNCTAD to be in a position to contribute effectively, within its competence and in pursuance of Conference resolutions 84 (III) and 82 (III), to the solution of the problems in monetary, trade and finance spheres in a co-ordinated manner,

Conscious of the need for the scope of the forthcoming multilateral negotiations involving the international monetary system, international trade and the flow of capital investment or development assistance to be defined in a manner which would provide equitably for the requirements of developed and developing countries alike,

Recalling resolution 80 (III) on review of the institutional arrangements of UNCTAD in which the Conference reiterates that the task of negotiation, including exploration, consultation and agreement on solutions, is a single process, and, in the context of such a process the achievement of solutions as emphasized in Board decision 45 (VII), is and remains the primary objective of UNCTAD, which should be vigorously pursued,

1. Takes note of the establishment of the ad hoc Committee of the Board of Governors of the International Monetary Fund on Reform of the International Monetary System and Related Issues, as recommended in Conference resolution 84 (III);

2. Takes note further of the association of the Secretary-General of UNCTAD which the Committee mentioned in paragraph 1 above, as well as with the work proceeding in the GATT;

3. Urges the Contracting Parties to the General Agreement on Tariffs and Trade in making arrangements for the multilateral trade negotiations to ensure that the interests of all flows of international trade are taken into account and special attention is given to the interests of the developing countries and that all developing countries are given the opportunity to participate fully, effectively and continuously in all stages of these negotiations;

4. Decides that the Trade and Development Board, in the period before and during the trade negotiations and discussions on monetary reform to take place in the General Agreement on Tariffs and Trade and the International Monetary Fund respectively, should, with a view to ensuring the effective contribution of the Conference, within its competence, to the solution of the problems in the monetary, trade and financial spheres in accordance with resolution 84 (III), keep under review the progress being made in these fields;

5. Decides, to this end, to hold a special session of the Board before its thirteenth regular session, the exact date to be decided by the Secretary-General of UNCTAD and the President of the Board, after appropriate consultations. Such a session would not last more than five days; future arrangements, as necessary, should be agreed upon at the thirteenth session;

w/ Official Records of the Trade and Development Board, Twelfth Session, First part, Annexes, agenda item 4, document TD/B/412.

6. Expresses its appreciation for the efforts undertaken by the Secretary-General of UNCTAD in pursuance of paragraph 7 of resolution 84 (III) and requests him to continue and further develop his consultations with the Managing Director of the IMF and the Director-General of GATT, as required.

7. Requests the Secretary-General of UNCTAD to submit reports to members of UNCTAD when he considers it necessary and, in the intervals between sessions of the Trade and Development Board, to utilize fully existing procedures and mechanisms for consultations;

8. Requests the Secretary-General of UNCTAD to submit reports to the Trade and Development Board as appropriate, which should, together with the relevant reports of the main Committees, assist it in discharging its functions.

ANNEX V

TEXTS OF DRAFT RESOLUTIONS CONSIDERATION OF WHICH WAS DEFERRED UNTIL THE
BOARD'S THIRTEENTH REGULAR SESSION

Compensation for losses occasioned by the realignment of major
currencies

Draft resolution submitted by: Ethiopia, Gabon, Ghana, Guinea, Kenya,
Libyan Arab Republic, Madagascar, Mauritius, Nigeria, Rwanda, Senegal,
Sudan, Uganda, Upper Volta, Zaire

/document TD/B/L.308/

The Trade and Development Board,

Recalling resolution 58 (III) of the United Nations Conference on Trade and Development concerning compensation for losses occasioned by the realignment of major currencies,

Aware that the exchange rate adjustments carried out by developed countries have adversely affected the terms of trade of a number of developing countries, have significantly reduced their currency reserves and have considerably increased their debt burden,

Requests the Secretary-General of the United Nations Conference on Trade and Development to consult with bilateral donor countries and international institutions concerned regarding the action they have taken in respect of resolution 58 (III) and report to the Trade and Development Board at its next session.

Transfer of technology

Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Guatemala, Mexico,
Peru, Uruguay and Venezuela: draft resolution x/

/document TD/B/L.306/

The Trade and Development Board,

Recalling the International Development Strategy for the Second United Nations Development Decade and in particular paragraph 64 thereof,

x/ At the 341st meeting, on 23 October 1972, it was announced that all the developing countries members of the Board had become sponsors of the draft resolution.

Bearing in mind Trade and Development Board resolution 74 (X) establishing the Intergovernmental Group on Transfer of Technology,

Recalling also General Assembly resolution 2821 (XXVI) of 16 December 1971 welcoming the programme of work of the Intergovernmental Group,

Bearing in mind Economic and Social Council resolution 1715 (LIII) of 28 July 1972,

Considering Conference resolution 39 (III) instructing the Board to ensure that the continuing nature of UNCTAD's functions in this field is reflected in the institutional arrangements in UNCTAD,

Decides to transform the Intergovernmental Group on Transfer of Technology forthwith into a standing committee of the Board.

Developing countries' trade centres

Draft resolution submitted by Ceylon, Ethiopia, Ghana, Guinea, India, Indonesia, Ivory Coast, Liberia, Malaysia, Netherlands, Nigeria, Pakistan, Senegal, Sierra Leone, Yugoslavia and Thailand

/document TD/L.78/Rev.1/V/

The United Nations Conference on Trade and Development.

Having in mind the objectives of the International Development Strategy for the Second United Nations Development Decade, in particular its paragraph 16,

Having heard the statement of the President of the World Bank that the exports of manufactured products by the top half of the developing countries must rise by 15 per cent annually in order to meet the objectives of the Second Development Decade,

Aware of the handicaps for achieving this aim originating from insufficient acquaintance of the developing countries with the particular requirements of developed countries' markets and from the lack of commercial infrastructure of developing countries in developed countries,

Noting with approval the ideas put forward by the Netherlands Government to remedy these structural shortcomings,

1. Supports the idea of establishing trade centres of developing countries in developed countries for the promotion of imports from developing to developed countries;

2. Requests, the Secretary-General of UNCTAD, together with the Director-General of GATT, to create a working party of government experts in the field of trade promotion, in co-ordination with the UNCTAD/GATT International Trade Centre, to make proposals for the implementation of this idea on the basis of an initial study by the secretariat and to report to the Trade and Development Board.

y/ See Proceedings of the United Nations Conference on Trade and Development, Third Session, vol. I, Report and Annexes (United Nations publication, Sales No.: E.73.II.D.4), annex VII.

Impact of regional economic groupings of the developed
countries on international trade, including the trade
of developing countries

Draft resolution submitted by Afghanistan, Argentina, Bhutan, Bolivia, Brazil, Burma, Ceylon, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Ghana, Guatemala, Guinea, Haiti, Honduras, India, Indonesia, Iran, Iraq, Jordan, Khmer Republic, Kuwait, Laos, Lebanon, Lesotho, Malaysia, Mexico, Nepal, Nicaragua, Nigeria, Pakistan, Panama, Paraguay, People's Democratic Republic of Yemen, Peru, Philippines, Republic of Korea, Republic of Viet-Nam, Sierra Leone, Swaziland, Thailand, Trinidad and Tobago, United Arab Emirates, Uruguay, Venezuela and Yugoslavia

/document TD/L.66 and Corr.1-3/2/

The United Nations Conference on Trade and Development,

Recalling General Principle Nine, which states that "Developed countries participating in regional economic groupings should do their utmost to ensure that their economic integration does not cause injury to, or otherwise adversely affect, the expansion of their imports from third countries, and, in particular, from developing countries, either individually or collectively" and which was adopted at the first session of the Conference and unanimously supported by developing countries,

Recalling the Charter of Algiers,^{aa/} in particular part two, paragraph A.2 (c), which stipulates that the abolition of preferences requires that the developed countries grant equivalent advantages to the countries which at present enjoy such preferences, and paragraph B.1 (g), which provides as follows: "The new system of general preferences should ensure at least equivalent advantages to developing countries enjoying preferences in certain developed countries to enable them to suspend their existing preferences on manufactures and semi-manufactures. From the beginning, provisions should be incorporated in the system of general preferences for the developed countries to redress any adverse situation which may arise for these developing countries as a consequence of the institution of the general system of preferences",

Recalling further that the Charter of Algiers declares that:

- "(a) Regional economic groupings of developed countries should avoid discriminating against the export of developing countries of manufactures, semi-manufactures and of primary products, particularly temperate and tropical agriculture commodities;
- "(b) The expansion of these groupings should not increase the incidence of any discrimination;

z/ Ibid.

aa/ Proceedings of the United Nations Conference on Trade and Development, Second Session, vol. I and Corr.1 and 3 and Add.1 and 3, Report and Annexes (United Nations publication, Sales No.: 68.II.D.14), p. 431.

"(c) Regional economic groupings of developed countries should take measures with a view to ensuring freer access of the exports of developing countries,"

Noting that the African Ministers in their meeting at Addis Ababa on 8-14 October, 1971, reaffirmed the principles contained in the Charter of Algiers which was intended as a frame of reference and a guide for very long-term action and to propose the essential elements for real and sincere international co-operation,

Noting that developed countries have, in the intensification of regional groupings, pursued certain policies which have adversely affected the trade and development of the developing countries,

Recalling that developing countries have been urging developed countries to accord to them no less favourable treatment than that which developed countries accord to each other in their regional economic groupings,

Bearing in mind the possible negative effects which the process of enlargement of regional groupings of developed countries could have in international commodity markets of vital interest for developing countries,

Urges that:

1. Developed countries members of regional groupings, their regional organizations as well as their enlargement should adopt rational, equitable and outward looking industrial and trade policies governed by the principles of preferential, non-reciprocal, and non-discriminatory treatment towards all developing countries with the purpose of safeguarding and avoiding injury to the interest of these countries;

2. Developed countries should accede, in the cases in which they have not done so, to existing international commodities agreements;

3. Regional groupings of developed countries should take into account part two, paragraph E.3 of the Charter of Algiers in defining their trade and industrial policies designed to operate in favour of trade with the developing countries;

4. Whenever regional groupings of developed countries are established, consolidated or enlarged, the interests of all developing countries should be safeguarded and promoted. In accordance with the principle of standstill accepted by the international community, such establishment, consolidation or enlargement should not adversely affect the economies of developing countries and should in particular avoid any increase in the existing discrimination against them;

5. In conformity with paragraph 4 above, the developed countries concerned should, when enlarging their regional groupings, observe the following guidelines:

(a) The process of tariff harmonization should not result in the deterioration of the trading position of developing countries in the markets of the acceding countries and current member countries through the increase of the rates of duty and/or the imposition of any other restrictive measure;

(b) The harmonization of the schemes of the generalized system of preferences of acceding countries and of the existing regional grouping should result in a more favourable scheme to developing countries;

6. In any case, whenever as a consequence of the enlargement of regional groupings of developed countries a deterioration of the trading position of a developing country occurs either in the market of the acceding country or in the market of the regional grouping, the developed country or the regional grouping concerned should compensate fully and adequately such developing country;

7. Developed countries should undertake concomitant obligations in their regional groupings by adopting the following measures:

(a) A time-bound programme for providing adequate and improved access for the products of all developing countries;

(b) Mechanisms for protecting the interests of all developing countries in any process of enlargement or intensification of their regional groupings;

(c) A non-discriminatory policy towards all developing countries in the field of trade and keeping in view the principle of non-reciprocity;

(d) In their policy of financial assistance, they should be governed by rational economic considerations in favour of all developing countries irrespective of the region to which they belong.

Decides that:

8. Whenever any policy of regional economic groupings of developed countries threatens the interest of developing countries, the Secretary-General of UNCTAD should convene upon request by member Governments concerned consultations among interested countries.

Diversification

Draft resolution submitted by the Chairman of the
Group of 77 (Indonesia) on behalf of the Group

/document TD/III/C.1/L.4/^{bb/} cc/

The United Nations Conference on Trade and Development,

Bearing in mind paragraphs 28, 75 and 76 of the International Development Strategy (General Assembly resolution 2626 (XXV)), in which diversification is recognized as one of the principal means of accelerating the economic and social development of the developing countries,

Reaffirming decisions 2 (III) and 5 (VI) of the Committee on Commodities of UNCTAD,

bb/ Ibid., Third Session, vol. I, Report and Annexes (United Nations publication, Sales No.: E.73.II.D.4), annex VII.

cc/ Text also referred to the Committee on Commodities, seventh (special) session, for consideration. See para. 148 of the foregoing report.

Reaffirming also that horizontal diversification of the production and exportation of commodities, and vertical diversification of the production and exportation of manufactures and semi-manufactures, constitute an integral and dynamic process,

Recognizing the importance of diversification of the economies of the developing countries and the extent to which adjustment and restructuring of the economies of developed countries can contribute to this purpose and accepting that the responsibility for diversification lies primarily with the developing countries, and that the developed countries should assist developing countries in their diversification efforts by a comprehensive commitment to enable the developing countries to undertake appropriate policies,

1. Urges the developed countries:

(a) To adopt an adequate policy of access to their markets and an adequate price policy which will facilitate the complete execution of diversification programmes;

(b) To undertake to introduce structural adjustments of their economies in order to facilitate the expansion of imports from developing countries and particularly in respect of countries heavily dependent on the export of commodities facing structural marketing problems;

(c) To enlarge their system of generalized preferences to cover, in particular, processed and semi-processed primary commodities;

(d) To facilitate the transfer of technology;

(e) To support diversification funds established or to be established in developing countries and, jointly with developing countries, to invite international financial institutions to support diversification funds;

2. Requests the Secretary-General of UNCTAD to prepare, in consultation with international financial organizations, a study on the creation of a fund for the support of national programmes for the diversification of exports, to be constituted with additional financial resources for development;

3. Further requests the Secretary-General of UNCTAD to carry out, from funds available to the United Nations Development Programme for regional projects, a preliminary survey of the existing infrastructure of developing countries, in order to identify the minimum that is necessary to enable developing countries to benefit from any programme of diversification;

4. Invites the International Bank for Reconstruction and Development and other international and regional financial institutions, through the appropriate channels, to consider giving due priority in their lending policies to assistance:

(a) To improve the competitive position of natural products facing competition from synthetics;

(b) To improve the quality and yields of basic food crops in the developing countries;

(c) To utilize the results of modern science and technology to assist the specific vertical and horizontal diversification of developing countries.

Text containing suggestions by Group B for discussion
in connexion with document TD/III/C.1/L.4

/Text taken from the report of the First Committee of the
third session of the Conference, appendix III/ dd/

The United Nations Conference on Trade and Development,

Bearing in mind paragraphs 28, 75 and 76 of the International Development Strategy (General Assembly resolution 2626 (XXV)), in which diversification is recognized as one of the principal means of accelerating the economic and social development of the developing countries,

Reaffirming decisions 2 (III) and 5 (VI) of the Committee on Commodities of UNCTAD,

Reaffirming also that horizontal diversification of the production and exportation of commodities, and vertical diversification of the production and exportation of manufactures and semi-manufactures, constitute integral and dynamic parts of the development process,

Recognizing the importance of the diversification of the economies of the developing countries and accepting that the responsibility for diversification lies primarily with the developing countries, and further that an important role can be played by other countries and the international institutions in assisting developing countries in their diversification efforts,

Aware that to be fully effective, diversification, on the one hand, would have to include a wide range of complementary measures in the commodity field, such as promotion activities (e.g. market research), product adaptation activities (e.g. quality control, standardization), measures promoting consumption (e.g. new end-use research) and trade policy measures on the part of other countries, including to the extent possible and, as appropriate, access to markets and pricing policy; and, on the other hand, would have to include adequate and close co-ordination among all concerned so that, for example, assistance measures required in the commodity diversification process will be carried out with due account taken of trade policy aspects and of the characteristics and market situations and prospects of the commodities concerned,

Acknowledging that a fuller exchange of relevant information on market developments and diversification activities in the commodity field is an essential element in the promotion and harmonization of diversification programmes,

Invites the international organizations concerned with economic development and diversification to consider jointly the need and possible scope for additional regular collection and dissemination of data relevant to decision-making, and requests the UNCTAD secretariat to follow and report on progress in these endeavours,

dd/ See Proceedings of the United Nations Conference on Trade and Development, Third Session, vol. I, Report and Annexes (United Nations publication, Sales No.: E.73.II.D.4), annex VI, A.

Urges the appropriate agencies of the United Nations to make concerted efforts, to strengthen the statistical systems of developing countries, with the co-operation and consent of such countries,

Endorses the intensification of efforts by the United Nations agencies concerned to assist developing countries facing particularly serious and urgent diversification problems by carrying out at the latter's invitation, studies in depth in the field of commodities, in connexion with the development of long-term diversification strategies, and requests the secretariat to follow and report on the progress of such activity falling within the particular field of interest of the Committee on Commodities,

Invites the intergovernmental commodity groups and other specialized intergovernmental commodity bodies to aim, as part of their regular work and within their field of competence and existing terms of reference, to review the problems of and progress in horizontal diversification in the commodities with which they are concerned and include this subject in their annual statements to the Committee on Commodities,

Requests the UNCTAD secretariat to include to the extent feasible, in the annual review of UNCTAD of recent developments in the commodity field, a report on achievements in the commodity diversification area,

Requests the UNCTAD secretariat to pursue with IBRD the establishment of liaison to permit staff level consultation on IBRD's market forecasts for commodities which are covered by the secretariat's ongoing work programme,

Urges donor and recipient Governments considering bilateral assistance for commodity production projects to consult to the extent possible with the international organizations concerned with economic development and with commodity matters on the national and international implications of such projects, with a view to promoting the global harmonization of diversification programmes,

Recommends that in their bilateral assistance for economic development donor countries make an effort to promote diversification programmes within the framework of the national policies of recipient countries, especially in those countries whose export earnings depend to a large degree on one or several commodities which: (a) show structural surpluses, (b) face especially severe competition from synthetics and substitutes, and (c) confront unsatisfactory demand for other reasons,

Urges developing countries to give appropriate priority in their diversification programmes to the training of personnel in the techniques of programme and project evaluation and administration, including the collection and evaluation of intelligence, studies, and other material pertinent to the successful execution of their responsibilities,

Invites developing countries to undertake other necessary measures to promote a rapid diversification of their economies.

ANNEX VI

TEXTS OF CERTAIN DRAFT RESOLUTIONS
SUBMITTED TO THE BOARD DURING THE
FIRST PART OF ITS TWELFTH SESSION

Multilateral trade negotiations

Draft resolution submitted by: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Ethiopia, Gabon, Ghana, Guatemala, Guinea, India, Indonesia, Iran, Iraq, Jordan, Kenya, Libyan Arab Republic, Madagascar, Malaysia, Mauritius, Mexico, Nigeria, Pakistan, Peru, Philippines, Rwanda, Senegal, Sri Lanka, Sudan, Syrian Arab Republic, Thailand, Uganda, Upper Volta, Uruguay, Venezuela, Yugoslavia, Zaire

/document TD/B/L.307/

The Trade and Development Board,

Recalling resolution 82 (III) of the United Nations Conference on Trade and Development concerning multilateral trade negotiations,

Noting resolution 1722 (LIII) of 28 July 1972 on multilateral trade negotiations adopted by the Economic and Social Council at its fifty-third session,

Conscious of the need to pay particular attention to the interests and aspirations of the developing countries in these negotiations,

Aware of the need to take into account the relevant recommendations and resolutions of UNCTAD, including Conference resolution 62 (III) of 19 May 1972 on special measures in favour of the least developed among the developing countries,

Aware further that the attention which would be paid to the interests of the developing countries will depend largely on their active and effective participation in all stages of the negotiations,

1. Notes that the developing countries reaffirm the principles put forward by them in part A of resolution 82 (III);
2. Invites the Contracting Parties to GATT to make adequate arrangements in order to ensure that all developing countries, whether members of GATT or not, are given the opportunity to participate fully and effectively and continuously in the negotiations in all stages so that their interests are fully taken into account; such arrangements should be without any preconditions of accession to GATT;
3. Agrees that the multilateral trade negotiations should have as their fundamental objective not only the liberalization of world trade, but also, with the same priority, the increase of the export earnings of the developing countries and their share in world trade;

4. Agrees further that these negotiations should cover all barriers affecting all products of export interest to the developing countries;

5. Urges that techniques, procedures of negotiations and ground rules, including new techniques and procedures, be devised, adapted and agreed upon, taking into account the special situation of the developing countries in relation to each commodity or group of commodities and to the barriers to trade such techniques and procedures might envisage, inter alia, preferential treatment of the multilateral trade negotiations, bearing in mind section II, paragraph 6 of recommendation A.II.1 adopted by the Conference at its first session; ee/

6. Stresses the close relationship between the intergovernmental consultations on individual commodities during the seventh session of the Committee on Commodities and the multilateral trade negotiations and accordingly further stresses the importance of ensuring close co-ordination between the intergovernmental consultations on individual commodities within UNCTAD and multilateral trade negotiations within GATT, keeping in mind the specific nature and problems pertaining to each commodity and the need to ensure improved access of primary commodities of export interest to developing countries to the markets of developed countries;

7. Expresses its conviction that the multilateral negotiations should also afford a favourable opportunity to lay down in the General Agreement on Tariffs and Trade precise rules concerning non-reciprocity, non-discrimination, and preferential treatment for the developing countries;

8. Agrees that the results of the multilateral negotiations should not operate to the disadvantage of the developing countries in any sector and, in cases where such a disadvantage is found, in particular if there is any erosion of the Generalized System of Preferences, adequate compensating machinery should be established;

9. Recognizes that the implementation or improvement of existing schemes of tariff preferences cannot be regarded as contributions by the preference-giving countries to the multilateral negotiations, since the undertaking to implement and improve such schemes derives from previous agreements reached in UNCTAD;

10. Notes the views expressed during the twelfth session of the Trade and Development Board that if these conditions are not met the multilateral negotiations of 1973 will be of no use to the developing countries and it might consequently be difficult for these countries to consider participating in them;

11. Requests the Secretary-General of UNCTAD, the Director General of GATT, in co-operation with the Executive Secretaries of the regional economic commissions and UNESOB, to co-ordinate their activities to assist the developing countries with a view to ensuring their full preparation for and their full participation in the various later stages of these negotiations;

ee/ See Proceedings of the United Nations Conference on Trade and Development, vol. I, Final Act and Report (United Nations publication, Sales No.: 64.II.B.11), p. 30.

12. Invites the regional economic commissions and the United Nations Economic and Social Office at Beirut, with the assistance of UNDP in accordance with part D, paragraph 8 of resolution 82 (III) to give the highest priority to requests for assistance formulated by their members with a view to enabling them to participate effectively in the multilateral trade negotiations and in the consultations to reform the international monetary system, bearing in mind the interdependence which exists between the two problems;

13. Requests in particular the Secretary-General of UNCTAD to study and submit to the Board concrete proposals having as a goal to improve upon the generalized system of preferences for manufactures and semi-manufactures, including processed and semi-processed agricultural and other primary products, during the multilateral trade negotiations and bearing in mind that such an improvement cannot be considered as a concession in the trade negotiations.

Intergovernmental consultations on commodities in connexion
with access to markets and pricing policy

Agreed conclusion

Draft resolution submitted by: India, Indonesia, Iran, Iraq, Jordan,
Malaysia, Pakistan, Philippines, Sri Lanka, Syrian Arab Republic,
Thailand, and Yugoslavia

/document TD/B/L.301/

With a view to initiating the effective implementation of resolution 83 (III), the following programme and time-table of action is proposed:

1. During the period October 1972 to February 1973, the Secretary-General should carry out, on a continuing basis until informal agreement is reached, consultations with the representatives of interested member Governments concerning the commodities which should be the subject of intensive consultations starting in February 1973 and the procedures to be followed therein.

2. The commodities to be the subject of intensive consultations should include:

- A. On the basis of Conference resolution 16 (II): oilseeds, oils and fats, natural rubber, hard fibres, jute, bananas, citrus fruits, cotton, tungsten, tea, wine, iron ore, tobacco, manganese ore, mica, pepper, shellac, phosphates.
- B. On the basis of developments since the adoption of resolution 16 (II): rice, maize, tapioca, meat, dried fruits, nickel, hides and skins including leather, copper, vegetables.
- C. Other commodities which may be agreed upon at the consultations envisaged in paragraph 1.

3. Realizing that it would not be possible simultaneously to undertake intensive consultations on all the commodities listed above starting in February 1973, the list may be classified into three categories, each to be scheduled for intensive consultation as follows:

Category 1: 1973-1974; Category 2: 1974-1975; Category 3: 1975-1976

The commodities to fall under each of the three categories would also be the subject of consultations as envisaged in paragraph 1, on the basis of certain criteria, such as share of commodity in a country's production and export trade: share of developing countries, collectively and/or individually, in the world production and trade in the commodity: the maximization of benefits to developing countries, collectively and/or individually; relative adversity in world markets in terms of price and competition from synthetics and substitutes; degree of processing; and the time required by developed countries concerned to grant substantial concessions on these commodities. Priority should be accorded to the commodities listed under paragraph 2A for inclusion under categories 1 and 2.

4. Concessions on the commodities listed under paragraph 2 may take the form of one or a combination of measures that would result soonest in substantial dynamic increases in trade and income for developing producer countries, collectively and/or individually. Concessions should be preferential, non-reciprocal and non-discriminatory in favour of developing countries. The type, nature, scope, duration, timing, special consideration for the least developed countries, institutional arrangements for review, evaluation and improvement, and legal status of concessions, should be among the primary and major considerations of the intensive consultations. On a given commodity, the aim should be to reach agreed arrangements within a period of two years, having in mind the necessity of attaining concrete and significant results early in the decade.

5. Starting at the seventh session of the Committee on Commodities in February 1973, the developed countries are requested to announce and submit documents on the unilateral concessions each or a group of them is ready and prepared to undertake intensive consultations on for the commodities agreed upon to be dealt with for the period 1973-1974. Similar announcements and documents are also expected at the start, preferably earlier, of the next two periods. The developing countries are requested to submit their individual or collective reactions and/or counter-proposals at these occasions. The developed countries' offers and the developing countries' counter-proposals would be the primary working documents of the intensive consultations. It is hoped that the developed countries concerned would not proceed to harmonize their offers as this procedure is time-consuming and results in the scaling down of offers.

6. Participation in the intensive consultations should be on the basis of self-election.

7. In the light of the foregoing, the Secretary-General is requested to prepare the documentation that would facilitate the intensive consultations, including the presentation in capsule form of the salient features, findings and conclusions of results, if any, of the studies or activities of FAO and other related international bodies. A comprehensive report by the Secretary-General of UNCTAD on the implementation of the "standstill" principle and others already agreed upon is also requested.

8. The mutually agreed arrangements resulting from the intensive consultations in UNCTAD may be brought within the framework of the multilateral trade negotiations in GATT; any such arrangements reached should be implemented without awaiting the completion of the multilateral trade negotiations, if protracted.

ANNEX VII

TEXT OF DRAFT RESOLUTION REFERRED TO THE COMMITTEE ON
INVISIBLES AND FINANCING RELATED TO TRADE FOR CONSIDERATION
AT ITS SIXTH SESSION

The increasing burden of debt-servicing in developing countries

Draft resolution submitted by: India, Indonesia, Iran, Iraq, Jordan,
Malaysia, Pakistan, Philippines, Sri Lanka, Syrian Arab Republic,
Thailand, and Yugoslavia

The Trade and Development Board,

Taking note of resolution 59 (III) of the United Nations Conference on Trade and Development, and particularly paragraph 6 thereof,

Taking note, in addition, of the report of the Secretary-General of UNCTAD on debt problems of developing countries ff/ which states in part that "in the light of the targets set for the Second United Nations Development Decade, and on cautious assumptions regarding the means of attaining them, it appears that the pressure of the debt problem may increase during the 1970s and that a larger number of countries may be faced with difficult situations than in the 1960s",

Taking note further of the annual report 1972 of the World Bank which states in part that "debt service payments are estimated to have increased in 1970 by 18 per cent, almost twice the average of recent years, and about the same rate seems likely to continue" and that "such a rate of increase foreshadows serious debt service difficulties in the future unless it is accompanied by a rapid increase in the export earnings of developing countries, a larger flow of official long-term lending on much easier average terms, or both",

1. Decides to establish an Intergovernmental Group of... members to consider the issues arising out of the situation described above and the best means of dealing with them;

2. Requests the Intergovernmental Group to report its findings to the sixth session of the Committee on Invisibles and Financing related to Trade.

ff/ United Nations publication, Sales No.: E.72.II.D.12.

ANNEX VIII

PROVISIONAL AGENDA FOR THE THIRTEENTH SESSION OF THE BOARD^{gg/}

1. Election of officers
2. Adoption of the agenda and organization of the work of the session
3. Adoption of the report on credentials
4. Matters arising from the resolutions, recommendations and other decisions adopted by the Conference at its third session requiring attention and action by the Trade and Development Board, including draft resolutions remitted to the Board
5. Report of the Working Group on the charter of the economic rights and duties of States (Conference resolution 45 (III))
6. International trade and financing: consideration of action arising from the activities of the main Committees and other subsidiary bodies of the Board:
 - (a) Commodity problems and policies, including the report of the Committee on Commodities on its seventh (special) session, and of the Advisory Committee to the Board and to the Committee on Commodities on its eighth session;
 - (b) Expansion and diversification of exports of manufactures and semi-manufactures of developing countries, including the report of the Special Committee on Preferences on its fifth session and of the Committee on Manufactures on its sixth session;
 - (c) Report of the Committee on Invisibles and Financing related to Trade on its sixth session;
 - (d) Report of the Intergovernmental Group on Transfer of Technology on its second session
7. Special measures in favour of the least developed among the developing countries (Conference resolutions 62, 64 and 65 (III))
8. Special measures related to the particular needs of land-locked developing countries (Conference resolution 63 (III))

^{gg/} Scheduled for 21 August to 14 September 1973.

9. Trade relations among countries having different economic and social systems
- /10. Work programme: hh/
- (a) Work programme of UNCTAD and its budgetary requirements, including questions of the co-ordination of the activities of UNCTAD with those of other bodies in the field of trade and development;
 - (b) Activities of the International Trade Centre: report of the Joint UNCTAD/GATT Advisory Group on the International Trade Centre on its sixth session. /
11. Particular problems in the field of trade and development:
- /(a) Technical assistance activities, including training of technical and special staff in the field of export promotion and invisible transactions; hh/
 - (b) Progressive development of the law of international trade: sixth annual report of the United Nations Commission on International Trade Law
12. Institutional, organizational and administrative matters:
- (a) Conference resolutions 80 (III) and 81 (III);
 - (b) Review of the calendar of meetings;
 - (c) Election to membership of main Committees under Conference resolution 80 (III), paragraph 9; ii/
 - (d) Provisional agenda for the fourteenth session of the Board and organization of the work of the session
13. Other business
14. Adoption of the report of the Board to the General Assembly

hh/ Depending on the decision of the General Assembly at its twenty-seventh session concerning new budget procedures.

ii/ As necessary.

ANNEX IX

FINANCIAL IMPLICATIONS OF THE ACTIONS OF THE BOARD

Summary statement made by the UNCTAD secretariat

1. In accordance with rule 31 of its rules of procedure, the Board was advised, in the course of its discussions, of the administrative and financial implications of the proposals that involved expenditures.

2. The actions taken by the Board which have financial implications are summarized below.

<u>Agenda item</u>	<u>Document containing detailed statement of financial implications</u>	<u>Subject matter</u>	<u>Financial implications (in U.S. dollars) 1973</u>
8 (a)	TD/B/414	Work programme of UNCTAD: two professional and one general service post for international shipping legislation	\$48,500
9 (b)	TD/B/L.290/ Add.1	Calendar of meetings: adopted with the recommendation that the General Assembly request commodity conferences to dispense with summary records	\$174,800

3. When the Board adopted the proposal to resume its twelfth session in May 1973 for a period not exceeding five days, it was advised that the financial implications, as described in document TD/B/L.304/Add.1 were estimated at \$60,000. However, that cost is offset by the one-week reduction made by the Board in the proposed calendar in respect of the United Nations Conference on Olive Oil, 1973.

ANNEX X

Membership of Committees of the Board at their next regular sessions following the first part of the twelfth session of the Board ^{kk/}

<u>Committee on Commodities</u> ^{kk/}	<u>Committee on Manufactures</u>	<u>Committee on Invisibles and Financing related to Trade</u>	<u>Committee on Shipping</u>
Argentina	Algeria	Argentina	Algeria
Australia	Argentina	Australia	Argentina
Austria	Australia	Austria	Australia
Bangladesh	Austria	Bangladesh	Bangladesh
Bolivia	Bangladesh	Bolivia	Belgium
Brazil	Bolivia	Brazil	Bolivia
Bulgaria	Brazil	Bulgaria	Brazil
Burundi	Bulgaria	Burundi	Bulgaria
Canada	Canada	Canada	Canada
Central African Republic	Central African Republic	Central African Republic	Central African Republic
Chad	Chile	Chad	Chile
Chile	China	Chile	China
China	Colombia	China	Colombia
Colombia	Costa Rica	Colombia	Costa Rica
Coste Rica	Cuba	Costa Rica	Cuba
Cuba	Czechoslovakia	Czechoslovakia	Czechoslovakia
Czechoslovakia	Denmark	Denmark	Denmark
Denmark	Dominican Republic	Dominican Republic	Dominican Republic
Dominican Republic	Ecuador	Ecuador	Ecuador
Ecuador	Egypt	Egypt	Egypt
Egypt	El Salvador	El Salvador	El Salvador
El Salvador	Ethiopia	Ethiopia	Ethiopia
Ethiopia	Finland	Finland	Finland
Finland	France	France	France
France	Germany, Federal Republic of	Germany, Federal Republic of	Gabon
Gabon	Greece	Ghana	Germany, Federal Republic of
Germany, Federal Republic of	Guatemala	Greece	Ghana
Ghana	Honduras	Guatemala	Greece
Greece	Hungary	Guinea	Guatemala
Guatemala	India	Honduras	Guinea
Guinea	Indonesia	Hungary	Honduras
Honduras	Iran	India	Hungary
Hungary	Iraq	Indonesia	India
India	Israel	Iran	Indonesia
Indonesia	Italy	Iraq	Iran
Iran	Ivory Coast	Israel	Iraq
Iraq	Jamaica	Italy	Israel
Israel	Japan	Ivory Coast	Italy
Italy	Kenya	Jamaica	Ivory Coast
Ivory Coast	Madagascar	Japan	Japan
Jamaica	Malaysia	Kenya	Kenya
Japan	Mali	Kuwait	Kuwait
Kenya	Mauritius	Lebanon	Madagascar
Madagascar	Mexico	Madagascar	Malaysia
Malaysia	Netherlands	Malaysia	Mauritius
Mauritius	Nigeria	Mali	Mexico
Mexico	Norway	Mexico	Netherlands
Netherlands	Pakistan	Netherlands	New Zealand
New Zealand	Peru	Nigeria	Nigeria
Nigeria	Philippines	Norway	Norway
Norway	Poland	Pakistan	Pakistan
Pakistan	Republic of Korea	Peru	Peru
Peru	Republic of Viet-Nam	Philippines	Philippines
Philippines	Romania	Republic of Korea	Poland
Poland	Senegal	Republic of Viet-Nam	Republic of Korea
Republic of Viet-Nam	Spain	Romania	Republic of Viet-Nam
Romania	Sri Lanka	Senegal	Romania
Rwanda	Sweden	Spain	Senegal
Senegal	Switzerland	Sri Lanka	Spain
Spain	Thailand	Sweden	Sri Lanka
Sri Lanka	Trinidad and Tobago	Switzerland	Sweden
Sudan	Tunisia	Syrian Arab Republic	Switzerland
Sweden	Turkey	Thailand	Sweden
Switzerland	Union of Soviet Socialist Republics	Trinidad and Tobago	Thailand
Syrian Arab Republic	United Kingdom of Great Britain and Northern Ireland	Tunisia	Trinidad and Tobago
Thailand	United States of America	Turkey	Turkey
Togo	Uruguay	Uganda	Uganda
Trinidad and Tobago	Venezuela	Union of Soviet Socialist Republics	Union of Soviet Socialist Republics
Tunisia	Yugoslavia	United Kingdom of Great Britain and Northern Ireland	United Kingdom of Great Britain and Northern Ireland
Turkey	Zaire	United States of America	United States of America
Uganda		Upper Volta	Venezuela
Union of Soviet Socialist Republics		Venezuela	Yugoslavia
United Kingdom of Great Britain and Northern Ireland		Yugoslavia	Zaire
United States of America		Zaire	
Uruguay			
Venezuela			
Yugoslavia			
Zaire			

^{jj/} See chapter V, section G, of the foregoing report.

^{kk/} It should be noted that the forthcoming seventh session of the Committee on Commodities is to be convened by the Secretary-General of UNCTAD as a special session, which shall be open-ended "in order to enable all Governments of States members of UNCTAD to participate on an equal basis" (see Conference resolution 83 (III)).

PART TWO

REPORT OF THE WORKING PARTY OF THE TWELFTH SESSION OF THE BOARD
ON THE WORK PROGRAMME OF UNCTAD AND ITS BUDGETARY REQUIREMENTS

INTRODUCTION

1. At its 313th meeting, on 3 October 1972, the Board decided, in accordance with previous practice, to establish a Working Party of 19 members to consider items 7 (a) and 8 of the agenda. 1/ Participation in the proceedings of the Working Party was open to all interested delegations.
2. The Working Party held 14 meetings, from 4 to 19 October 1972. At its first meeting, it elected Mr. Y. Okawa (Japan) as its Chairman and at its second meeting Mr. E. A. Pareja (Argentina) as its Vice-Chairman and Rapporteur.
3. The Working Party had before it a report by the Secretary-General of UNCTAD entitled "Work Programme of UNCTAD for 1970 to 1974", issued in two parts: Part One - "The resources of UNCTAD and the major developments in its work programme" (TD/B/407) 2/ and Part Two - "Detailed work programme" (TD/B/407/Add.1 and Add.1/Corr.1). 3/ An annex to the report (TD/B/407/Add.2 and Add.2/Corr.1) dealt with the co-ordination of the activities of UNCTAD with those of other bodies in the field of trade and development and a further annex (TD/B/407/Add.3) provided statistical information concerning UNCTAD's 1972 technical assistance programme. A note by the UNCTAD secretariat (TD/B/414) drew attention to the financial implications of a decision taken by the Working Group on International Shipping Legislation at its third session.
4. In connexion with agenda item 8 (b), the documentation consisted of the proposed work programme of the UNCTAD/GATT International Trade Centre (ITC/AG/21) and the report of the Joint UNCTAD/GATT Advisory Group on its fifth session (ITC/AG/23). 4/

1/ For the composition of the Working Group, see part one above, chapter V, section C.

2/ For the printed text of part one, see Official Records of the Trade and Development Board, Twelfth Session, Annexes, agenda item 8 (a), document TD/B/407.

3/ Subsequently, in the light of comments made during the discussion, document TD/B/407/Add.1/Corr.2 was circulated.

4/ These two documents were drawn to the attention of the Board in a note by the UNCTAD secretariat (TD/B/408).

CHAPTER I

WORK PROGRAMME OF UNCTAD AND ITS BUDGETARY REQUIREMENTS, INCLUDING QUESTIONS OF THE CO-ORDINATION OF THE ACTIVITIES OF UNCTAD WITH THOSE OF OTHER BODIES IN THE FIELD OF TRADE AND DEVELOPMENT; ACTIVITIES OF THE INTERNATIONAL TRADE CENTRE: REPORT OF THE JOINT UNCTAD/GATT ADVISORY GROUP ON THE INTERNATIONAL TRADE CENTRE ON ITS FIFTH SESSION (agenda item 8)

A. General review of the work programme and budgetary requirements

5. Addressing the Working Party at its opening meeting, the Secretary-General of UNCTAD indicated the main aspects of the work programme on which he sought guidance from the Trade and Development Board. While detailed discussion of every project was not possible in the short time available, he looked forward to the comments of Governments on the general orientation of the work programme as set out in his report, and on its principal components, particularly in the light of the decisions taken by the Conference and of UNCTAD's role in the implementation of the International Development Strategy. He drew attention to the description of UNCTAD's growing technical assistance activities, including those carried out through the UNCTAD/GATT International Trade Centre, and stated that the administrative procedures of the Centre were currently under review by the UNCTAD and GATT secretariats. UNCTAD's public information activities were also discussed in his report.

6. He was acutely aware of the difficult financial situation and stated that UNCTAD had made its contribution to effecting the economies in the 1972 budget that the Secretary-General of the United Nations expected from all secretariat units. None the less, he was obliged to point out that the statement of financial implications submitted to the Conference 5/ (and to the Working Party on International Shipping Legislation) (see TD/B/414) and reflected, so far as manpower was concerned, in the documentation before the Working Party, represented the minimum additional resources required to enable the secretariat to perform the tasks incumbent on it as a result of resolutions and decisions of the Conference and the continuing machinery of UNCTAD.

7. He pointed out that the General Assembly was currently considering the question of introducing a biennial programme and budget of the United Nations. Depending on decisions still to be taken, the new procedures, although in many respects they would not represent a major innovation for UNCTAD, could affect the question of the most suitable timing of the Board's consideration of the work programme and related budgetary requirements, possibly necessitating a plenary

5/ See Proceedings of the United Nations Conference on Trade and Development, Third Session, vol. I, Report and Annexes (United Nations publication, Sales No.: E.73.II.D.4), annex IX.

session of the Board or the convening of a Working Party no later than May or June 1973, if the Board's views were to be transmitted in good time to the competent programming and budgetary organs of the United Nations. 6/

8. The Working Party expressed its appreciation of the documentation prepared by the secretariat, which it noted contained much of the additional information that had been suggested for inclusion at the third part of the tenth session of the Board. Several representatives regretted, however, that it had not been possible to circulate the documents earlier and to comply with the provisions of Board resolution 79 (XI) in this matter. They hoped that the time-limit could be respected on the occasion of the Board's next review.

9. The principal questions referred to in the general discussion concerned the functions of the Working Party, the relationship between programme formulation and the over-all budget of the United Nations, having regard to the prevailing conditions of budgetary austerity, the priority to be accorded to different activities, and the financing of the technical assistance activities of the UNCTAD secretariat and related matters. There were differences of view among the various groups concerning some of these matters. 7/

10. The representatives of developed market economy countries reaffirmed their view of the functions of the Working Party as agreed upon at earlier sessions of the Board. 8/ Hence in their view the Working Party should examine in some detail whether there was a balance of priorities and, taking into account the critical budgetary situation, whether the limited resources available to the secretariat were being used with the greatest efficiency. The representative of one developed market economy country stated that, by so reviewing priorities and evaluating the various components of the work programme in relation to the urgency of different tasks, the Trade and Development Board could provide valuable assistance to the competent budgetary organs of the United Nations, with whom lay the responsibility for detailed financial examination and decision. This division of labour would be particularly important when and if programme budgeting was introduced, in which case it would become necessary to tailor programmes to agreed budget ceilings.

11. The same representative said that, while the results of the third session of the Conference must be incorporated into the work programme, nevertheless, his authorities thought that the UNCTAD budget for 1973-1974 should be held within a total United Nations budget of much the same level as in 1972; increases in one part of the United Nations budget would have to be compensated by cuts elsewhere.

12. The representatives of developed market economy countries drew attention to the financial difficulties of the United Nations, which could not be ignored; many of them viewed with concern the projected growth of certain activities and of

6/ See also annex II below.

7/ Upon adoption of this report a statement was made by the developing countries, the text of which is reproduced in annex I below.

8/ See in particular the report of the Board on the first part of its eighth session, Official Records of the General Assembly, Twenty-fourth Session, Supplement No. 16, part one, para. 146.

the UNCTAD budget as a whole. They believed that expenditures should be held constant and that by flexible use of staff and postponement of lower priority tasks new activities requested by the Conference and the continuing machinery could be accommodated.

13. The representative of one developed market economy country conveyed his support, in principle, for the proposed work programme.

14. The representative of another developed market economy country noted the steady growth in UNCTAD's expenditures and manpower over the last several years. He referred to the statement made by the delegation of his country at the joint meetings of the Committee for Programme and Co-ordination and the Administrative Committee on Co-ordination held in June 1972, where it had said that it was not opposed to growth but that priorities must be constantly reassessed. While new programmes were necessary, older programmes should be curtailed or abolished. He considered that the work programme presented by the secretariat lacked balance in the allocation of priorities and noted that about three-quarters of the some 130 projects described were accorded priority A and only four projects priority C.

15. The representatives of some developed market economy countries expressed concern lest there should be duplication of work with that of other organizations. They referred in particular to work in UNCTAD in the field of research, manufactures and commodities connected with the forthcoming multilateral trade negotiations under the auspices of GATT and stressed that such work should be a complement to the extensive preparatory work being carried out by the GATT secretariat.

16. The representatives of some developing countries pointed out in this connexion that while it was the common desire of all member countries to avoid duplication of work, UNCTAD had an express mandate, given in the resolutions adopted by the Conference at its third session, which constituted a frame of reference for the activities it was to undertake in order to assist the developing countries in preparations for and participation in the forthcoming multilateral trade negotiations.

17. Commenting on this remark, the representatives of some developed market economy countries pointed out that the relevant resolution of the third session of the Conference (82 (III)) specifically laid upon the UNCTAD secretariat the obligation not to duplicate work already being undertaken in GATT.

18. The representative of a socialist country of Eastern Europe, while appreciating the efforts made to stabilize the UNCTAD budget, did not consider the increases proposed for 1973 justified. He stressed that expenditures in 1971 and 1972 had been exceptionally high on account of the Conference and could not be considered as a basis for budget exercises in future years. He thought that there was room for further improvement in the efficiency of the secretariat and for savings through the abandoning of less essential tasks as well as through budgetary economies, for example, by avoiding staff overtime.

19. The representatives of developing countries considered that the work programme and associated budgetary requirements presented by the secretariat were a minimum, considering the magnitude of the needs of the developing countries. They reflected in fact only a modest increase in resources in relation to the very important role of UNCTAD in the field of trade and development. In addition to paying due regard

to the prevailing budgetary circumstances, it was necessary to consider the work programme in the broader perspective of trade and economic development, particularly that of the developing countries, and of UNCTAD's contribution to the achievement of the goals and objectives of the International Development Strategy.

20. The representatives of developing countries emphasized that the work programme had been drawn up in the light of the resolutions and decisions adopted by the Conference and by the permanent machinery of UNCTAD and expressed concern that, should the Working Party begin recommending changes in programmes requested by the Conference or the continuing machinery, the balance achieved in the work programme put forward by the UNCTAD secretariat would be upset. Nor could they accept that certain studies or other projects which had been requested should be deferred or given lower priority. If three quarters of the projects listed in the work programme had been allocated priority A by the secretariat, that reflected not only the generally agreed high priority of the projects concerned but also the fact that the secretariat had drawn up a plan of work containing a minimum of projects, all of which were essential. The resolutions in question, in particular those emanating from the third session of the Conference, would not have been adopted if the matters they dealt with had not been considered of some importance.

21. The representatives of a certain number of developing countries also expressed concern that, in a period declared by the General Assembly as the Second United Nations Development Decade, they had been asked to accept a "standstill" budget. They hoped that by the middle of the Decade UNCTAD programmes in the field of trade and development would be more ambitious.

22. Commenting on observations concerning the proposed increases in staff and the budget, the representative of the Secretary-General of UNCTAD pointed out that UNCTAD accounted for only a small part of the United Nations budget and emphasized that a policy of budgetary restraint did not necessarily mean that no single component of the United Nations budget should be increased but only that the budget as a whole should be stabilized. He recognized that other major units of the Organization might also take the view that their own budget was small in relation to the total; hence there was a need for establishing in the first place priorities among the major programmes of the United Nations in the economic and social field. The new procedures under consideration by the General Assembly, to which the Secretary-General of UNCTAD had referred, were expected to contribute to this process.

23. He emphasized that the statement of financial implications referred to by the Secretary-General of UNCTAD (see paragraph 6 above) took fully into account all possible savings in other directions and reflected a genuine net increase in necessary resources. The preparations for, and servicing of, a session of the Conference did not necessarily result in a peak in the secretariat's activities and related expenditure. Moreover, 1972 had been a difficult year on account of the freeze on recruitment. The reduced input of professional manpower in 1972, in comparison with the levels for 1970 and 1971, had delayed the substantive work of the secretariat in important areas. The secretariat was also having to cope with an increasing workload as a result of Conference decisions.

24. The representative of a developed market economy country observed that the over-all budget of the United Nations would continue to grow if all major units considered their own budgetary and staffing requirements in isolation. Irrespective of its size, each unit had to accept, and work within, the constraints imposed by the budgetary situation. The representatives of some developed market economy countries considered that statements of financial implications related only to the cost of particular proposals and were not in themselves authorizations for an increase in the total budget appropriation.

25. The representative of a developed market economy country thought that the Working Party should consider the problem of the calendar of meetings, which was under consideration by the Board in plenary meeting at the present session (agenda item 9 (b)). He noted that the calendar was closely related to the matters under study by the Working Party. Accordingly, he suggested that before concluding its work the Working Party should review in particular the proposals of the secretariat concerning conference and supporting services, since it might prove possible to reduce the requirements in this connexion, were the Board to decide to postpone certain proposed meetings. 9/

26. The representatives of some developed market economy countries expressed the view that greater attention should be paid to the assignment of priorities, so that the most beneficial use could be made of limited resources. One of these representatives stated that, in a consideration of priorities, certain criteria should be applied, such as: (a) the urgency of a project (sub-activity); 10/ (b) the extent to which it fell within the exclusive competence of UNCTAD; (c) the practicability of the study and the availability of data; and (d) the extent of unanimity on the adoption of the relevant resolution. On the basis of such criteria work related to the least developed among developing countries clearly should receive the highest priority, whereas work relating to marketing and distribution systems, for example, would come at the bottom of the list. In the latter connexion, he referred to the difficulty in many developed market economy countries for Governments to obtain, and to make available to UNCTAD, information which the private sector treated as confidential.

27. The representatives of developing countries were unable to accept the criteria suggested above as a basis for determining priorities. In their view any assessment of the feasibility of a particular project was necessarily subjective and involved political judgements. Hence it might also involve a re-interpretation of decisions of the Conference and the permanent machinery of UNCTAD. They could not agree that a project should be given low priority because of the difficulty of obtaining information. On the contrary, that was a reason for carrying out the project. Often the UNCTAD secretariat had been able, as a result of its efforts

9/ For an account of the consideration of this item in plenary, see part one above, chapter V, section H; and for the discussion in the Working Party, see paras. 153-162 below.

10/ The terms "activity" or "field of activity" and "project" or "sub-activity" are used throughout this report in the sense employed in document TD/B/407/Add.1 (see paragraph 4 (e) of the explanatory notes on page 2 of that document). Thus, for example, project (or sub-activity) 1.2.1 is a project within field of activity 1.2 of programme of activity 1 (research).

and the co-operation of both Governments and the private sector, to obtain information for its authorized studies that had hitherto not been available. Such information was of considerable value to developing countries, which did not have the necessary resources to procure it themselves.

28. The representatives of several developed market economy countries referred to the man-months spent by the various substantive divisions on activities connected with technical assistance. They requested further information on how far such activities were financed from the regular budget of UNCTAD and how far they were in support of UNDP projects and financed from UNDP or other extra-budgetary resources. They wished to know if UNCTAD-financed activities were in response to requests for technical assistance support either from individual countries or from UNDP or whether they represented UNCTAD's own initiative in the field of technical assistance. Some of these representatives stated that their Governments considered that technical assistance activities falling within the mandate of UNDP should be financed by UNDP and not by regular assessed budgets. 11/

29. The representatives of developing countries reiterated their support for the work programme presented by the Secretary-General of UNCTAD and commended him for the attention with which it had been prepared.

B. Programmes of activity

1. Research

30. The representatives of all groups felt that, with some exceptions, the balance of priorities was correct. The representatives of some developed market economy countries expressed the view that the balance of priorities was better in the research programme than in the UNCTAD work programme as a whole. The representatives of some developing countries, while recognizing that due account had been taken of the relevant resolutions adopted by the Conference and considering that the distribution of man-months among the different fields of activity was realistic, stressed that the proposed programme of work was a minimum one. The representative of a socialist country of Eastern Europe noted that research had always rightly received much attention within UNCTAD and that the emphasis on research would no doubt be strengthened; he had no objection to this trend.

31. The representative of one developing country stressed that activity 1.1 ("Implementation review and appraisal") was very important and deserved the high priority given. The representative of a socialist country of Eastern Europe raised the question whether subitem (b) of this activity (preparation of additional analyses) did not exceed the competence of UNCTAD and wondered whether the work involved could not be carried out with a smaller increase in man-months than was envisaged. The Director of the Research Division replied that the whole activity would cover only matters within UNCTAD's competence. All substantive divisions of UNCTAD were concerned with particular aspects of review and appraisal; the

11/ For a more complete account of the discussion on technical assistance, see chapter II below.

reporting and co-ordinating function described in activity 1.1 reflected the increased attention given to review and appraisal in the International Development Strategy and in other resolutions of the General Assembly and the Conference.

32. The representatives of some developing countries and of one developed market economy country, referring to project 1.2.3 (studies on employment, income distribution and population), considered that UNCTAD's role in this area should be secondary to that of other international organizations; therefore priority B seemed reasonable. The representative of another developed market economy country, while agreeing that studies relating to employment and population might be given priority B, felt, however, that questions relating to income distribution in developing countries were very important and deserved priority A. The Director stated that this activity was carried out in close co-operation with other international organizations, such as the International Labour Organisation (ILO), and that the main consideration was the need to inject into all of UNCTAD's work the important questions of employment and income distribution as goals of the development process, in addition to the goal of growth.

33. With respect to project 1.3.3 ("Disarmament and development"), the representatives of some developing countries stressed the potential importance of the link between disarmament and development. The representative of a developed market economy country and of a developing country considered that the project should be given priority C. There seemed to be general agreement that a relatively low priority should be assigned to this project, in view of the work being done elsewhere.

34. The representatives of some developed market economy countries felt that there was a lack of balance between the priorities (B and C) assigned to the projects listed under activity 1.4 ("Planning and policies of the external sector of developing countries") and those listed under 1.6 ("Level and structure of protection in developed countries"), which were assigned priority A. They stressed that there was an imperative need to study the protection policies of developing countries because, as recognized in the International Development Strategy, efforts towards development must begin with the policies of the developing countries themselves and such policies had much to do with their ability to compete in world markets and develop their industrial capacity. One of these representatives considered that project 1.4.1 ("Level and structure of protection in developing countries") should receive priority A and that the other projects listed under 1.4 should also have a higher priority than was proposed.

35. The representatives of some developing countries felt that it was more urgent to study the structure of protection in the developed countries and that such studies deserved the highest priority, especially in view of Conference resolution 82 (III) and of the fact that such protection affected all developing countries. They felt that studies under activity 1.4, while also interesting, were less urgent.

36. The Director, while agreeing with the importance of work on the structure of protection and the related policies of developing countries, pointed out that such work was necessarily of a long-term nature because of the slow and costly process of obtaining adequate data for each of the developing countries. On the other hand, studies of the protection policies of developed countries were undoubtedly urgent, in view of the imminent enlargement of the European Economic Community (EEC) and of the forthcoming multilateral trade negotiations. Nevertheless, the secretariat was attempting to study protection policies in developing countries by use of suitable

proxy measures, pending the availability of more complete data. While appreciating the difficulties the Director had pointed out, the representatives of some developed market economy countries felt that the difficulty in obtaining data did not make studies on protectionism in developing countries less important nor warrant their being given priority B.

37. The representative of a developed market economy country wondered why priority A had been considered necessary for all the studies in the programme for trade expansion and economic integration among developing countries while priority B had been considered sufficient for project 1.5.2 on the related subject of "Economic groupings of developing countries". The Director pointed out that the former studies dealt with urgent current problems while project 1.5.2 had a longer-term perspective. The representative of another developed market economy country felt that project 1.5.2 should receive priority A, since developing countries had much to gain from improvements in their economic groupings. The representatives of some developing countries expressed the view that the project should have a lower priority than 1.5 ("Economic groupings of developed countries") and that the study of such groupings in developing countries was less important than in developed countries. The representative of a socialist country of Eastern Europe, while agreeing with the priorities shown under activity 1.5, suggested that the scope of project 1.5.1 should be clarified and that under this subheading there should be a reference to the "possible impact of the enlarged EEC on trade with third countries". The real impact would be extremely useful to know, and he was surprised at the relatively few man-months allocated to activity 1.5 in view of its importance. The representative of a developed market economy country, supported by another such representative, considered that the priority accorded to project 1.5.1 was correct and the man-months allocated were perfectly adequate; he could not support an expansion of staff resources in the absence of any relevant decision or resolution by the Board at its eleventh session or by the Conference. The Director stated that many of the aspects of the policies of regional groupings of developed countries were also covered by studies in activity 1.6 and that, in any event, the secretariat was following developments in this field.

38. The representatives of some developed market economy countries and of one developing country accepted that priority B was appropriate for activity 1.7 ("Environment and development") and recalled that a new intergovernmental body was envisaged which would have primary responsibility within the United Nations in this field. The representatives of some developed market economy countries stated that until decisions on the Stockholm Conference were taken by the General Assembly there was little reason for extensive UNCTAD work in this field, and it therefore warranted a relatively low priority. The Director pointed out that, as stated in TD/B/411, UNCTAD would undertake further work in full co-operation with the proposed environment agency and that beyond monitoring of the problem such further work in UNCTAD would have to be financed from the proposed new Environment Fund.

39. Representatives of all groups generally agreed that the projects listed under activity 1.8 ("Least developed countries, land-locked countries and the typology of developing countries") were of primary importance and that the proposed increase in man-months was justified. The representative of a developed market economy country felt, however, that the highest priority among the various projects should be given to project 1.8.1 ("Special measures for least developed countries"), because it dealt with the most urgent problem of the hard-core least developed countries. The Director pointed out that the same high priority had been assigned to the other

projects because they responded to specific requests, contained in Conference resolutions, that particular aspects of these projects should be completed in 1973. The representative of another developed market economy country stressed that, because of the special problems confronting such countries, priority A for project 1.8.4 (relatively disadvantaged countries) was appropriate. The representative of yet another developed market economy country thought that the work on project 1.8.4 would be better left to the regional economic commissions.

40. The representative of a developed market economy country, referring to the individual country studies on the least developed countries proposed by the secretariat, expressed the view that the expertise for such studies was lacking in UNCTAD and that they should rather be carried out by agencies such as IBRD or UNDP. The representative of a developing country felt, however, that there was no other possible approach for UNCTAD than to proceed country by country. The Director stated that, according to Conference resolution 62 (III), all agencies were expected to co-operate in country studies within their respective fields of competence, and that UNCTAD would participate so far as the external sector was concerned.

41. The representative of a developing country thought that the regional economic commissions should be primarily responsible for work related to activity 1.8. The Director pointed out that there was urgent need for a global appraisal of the problems and for interregional and inter-country comparisons. The Conference resolutions had stressed the importance of UNCTAD's role in these matters, and had also called on the regional economic commissions to co-operate in this work.

42. On the question of identification (project 1.8.3), the representative of a developing country felt that the hard-core list of 25 countries had to remain as the basic list, but that some other countries could also be considered as least developed. He suggested that a study should be made on how the 25 hard-core countries might benefit from the forthcoming multilateral trade negotiations. He also stressed the importance of reviewing the implementation of Conference resolution 62 (III).

43. The representatives of some developing countries stressed that activity 1.9 ("Statistical services and data processing") was of fundamental importance and deserved the high priority accorded. The representative of a socialist country of Eastern Europe suggested that, with closer co-ordination with other agencies, the additional work in this field could be undertaken without increased resources. The Director stated that the modest increase in professional man-months for this activity in 1974 reflected the need to up-grade one post of programmer to the professional category. The growth in this area had involved the development of invaluable computer services, in close co-operation with the Economic Commission for Europe and the International Computer Centre. There was also continuing close liaison on all statistical matters with the United Nations Statistical Office and other statistical bodies of the United Nations.

44. The representative of a developed market economy country asked for clarification concerning substantive support for technical co-operation activities (activity 1.10). The Director pointed out that these activities, which had been only minor in 1970, were increasing in importance, particularly in connexion with the action programme for the least developed countries and for the land-locked countries. Members of his Division were at times called upon to make short studies, participate in seminars, etc., which were not always covered by UNDP funds. Most of

them, however, were directly or indirectly related to UNDP projects. In some cases the work was done on request from other international agencies.

45. The representative of a socialist country of Eastern Europe proposed that studies should also be undertaken on some new subjects: (1) the application of most-favoured-nation treatment in East-West trade, (2) the experience of and prospects for industrial co-operation on a bilateral and multilateral basis, and (3) progress in implementing the UNCTAD recommendations on the elimination of economic, administrative and trade policy obstacles to trade between countries having different economic and social systems. The representative of a developed market economy country expressed reservations on these proposals. He, and the representatives of some other developed market economy countries, pointed out that if any such studies were carried out, there should be no duplication of the work being done in the Economic Commission for Europe. One of these representatives specifically questioned the usefulness of a study on most-favoured-nation treatment, which was basically a bilateral matter. The representative of a developing country suggested that any such studies should pay particular attention to the least developed countries. 12/

2. Trade expansion and economic integration among developing countries

46. All representatives who spoke on this subject expressed general support for UNCTAD's activities in the field of trade expansion and economic integration among developing countries.

47. The representatives of several developed market economy countries drew attention to the fact that priority A had been attached by the secretariat to all the projects in this field. Without implying lack of support for the programme as a whole, they felt not all projects could merit such a high priority in terms of importance and/or urgency.

48. Representatives of some developed market economy countries questioned the sharp increase in the input of manpower envisaged in 1973 for studies, technical co-operation activities and programme management and administration, and the resulting new peaks for such inputs in 1974.

49. The representative of one developed market economy country expressed doubts as to the need for increasing the resources devoted to servicing the Committee of Participating Countries, since a protocol had just been signed which was unlikely to be renegotiated in the immediate future.

50. The same representative asked on what assumptions it had been decided that activity 2.4 ("Preparation for and servicing of meetings of UNCTAD bodies, working parties and seminars") would require a greater input of manpower in 1973 and 1974 than in 1972.

51. The representatives of several developed market economy countries requested further information on the extent to which technical assistance was being provided by UNCTAD from its own resources. They expressed concern lest exceptions to the established procedure for the extension of technical assistance through the United Nations system, that is, co-ordinated country programming, grow out of hand and thereby distort the programmes agreed within the framework of UNDP.

12/ For a more complete discussion of activities relating to trade between countries having different economic and social systems, see section 8 below.

52. The representative of a socialist country of Eastern Europe noted the great importance of the work of the Division for Trade Expansion and Economic Integration and generally supported UNCTAD activities in this field. He questioned the increase of manpower envisaged for 1973 and inquired whether UNCTAD's work took account of similar work undertaken by the regional economic commissions.

53. The representatives of most developing countries stressed the importance of trade expansion and economic integration among developing countries in the development efforts of their countries and underlined the important role UNCTAD had to play in this field. They also expressed their appreciation of and support for the technical assistance their countries had received from UNCTAD. One of the representatives referred to a specific instance of a small, but urgent, study which had been prepared at short notice with the use of UNCTAD's own resources. Another referred to the benefits which could accrue to a number of developing countries as the result of a particular study requested by an individual developing country.

54. While recognizing the importance of UNCTAD's activities, the representative of one developing country considered that the regional economic commissions had the primary role in work relating to economic integration among developing countries belonging to the same region. Furthermore, he added, the subject was within the competence of these regional bodies because it was difficult to determine the usefulness of general studies on integration carried out to consider problems which arose in a different manner in each region.

55. Referring to the work in support of the Committee of Participating Countries (activity 2.3), the representatives of several developing countries members of that Committee expressed their conviction that the finalization of the Protocol by the members of that Committee did not signify the winding up of the Committee's work, but rather the beginning of a new phase during which the scope of the Protocol would come to encompass more countries and more products. Viewed in this light, the planned increase in man-months proposed for this activity seemed fully justified.

56. The representative of the Secretary-General of UNCTAD referred to the introduction of a special account for overheads in the 1973 budget of the United Nations, stating that the proposed application of that account to UNCTAD had been approved by the Advisory Committee on Administrative and Budgetary Questions. He recalled that reimbursement by UNDP for the backstopping of technical assistance financed by that programme and executed by the United Nations agencies had long been the subject of controversy, inasmuch as such reimbursement of overheads had never fully covered the expenditures incurred by the agencies. The question of overheads was still under examination by the Governing Council of UNDP and the budgetary organs of the United Nations. He pointed out that support of technical assistance could not always be easily distinguished from other substantive activities of the secretariat and that the two types of activity served to complement each other.

57. The representative of the Secretary-General of UNCTAD assured the Working Party that the Secretary-General of UNCTAD would not permit any significant diversion of resources into technical assistance projects carried on the regular budget, and stressed that requests for studies to be provided directly by UNCTAD from its own resources were only acceded to in exceptional cases, after personal approval by the Secretary-General of UNCTAD, with due account taken of the duration

of the project and its urgency. He did not consider that the man-months allocated by the secretariat to studies and short-term advisory services in the field of trade expansion and economic integration could distort the programmes of UNDP. He suggested that requests involving 4-6 weeks of a staff member's time could be met more efficiently and economically directly by the UNCTAD secretariat than through the formulation and implementation of special UNDP projects.

58. The Director of the Division explained that the planned increase in the input of manpower in 1973 and 1974 reflected almost entirely the recuperation of losses incurred in 1972 owing to the freeze on recruitment, which had affected his Division much more than other substantive divisions since staff assigned to technical assistance missions could not be replaced. If the Division had been able to continue functioning in 1972, it was only through a wholesale postponement of work on new studies and through exceptional efforts on the part of the remaining staff to terminate old ones. If account were taken of the fact that the Division was the newest in UNCTAD, the proposed net increases in manpower over the normal level of 1971 were modest indeed.

59. As regards the high priority accorded each of the main study projects, he explained that for the sake of conciseness the work programme document merged several individual study projects under one subheading. Since each subheading contained at least one top priority study, it did not seem possible to accord the subheading as a whole lower priority than any of its components.

60. The Director confirmed that, as in the past, all studies would be carried out in close collaboration with the regional economic commissions and full use would be made of work already done by them.

61. He expressed agreement with the assessment made by the representatives of some developing countries members of the Committee of Participating Countries with regard to the future work of that Committee.

62. With reference to the preparations for, and the servicing of, meetings, working parties and seminars, the Director explained that his Division, in contrast to most other Divisions of UNCTAD, had devoted relatively fewer resources to the third session of the Conference and more to the preparation and servicing of seminars and groups of experts. More such meetings, each requiring more preparatory work than in 1972, were scheduled both for 1973 and 1974. In this area, the past record of close collaboration with the regional economic commissions and regional groupings would also be maintained.

63. Turning to the subject of technical assistance, the Director pointed out the operational nature of his Division and the authority it had received from the Board to extend short-term advisory services in support of trade expansion and economic co-operation among developing countries. However, the increase foreseen in manpower requirements for technical assistance support was due mainly to a substantial increase between 1972 and 1973 in the number of requests channelled through UNDP.

3. Commodities

64. Major emphasis in the discussion was on the priorities assigned to the various projects in the work programme. Representatives of all groups suggested changes in some of the priorities, which were noted by the secretariat. The discussion on the principal issues raised is summarized in the following paragraphs.

65. The representatives of developing countries expressed their general support for the programme; they commented on the general purposes of the projects, their value

to the developing countries and the urgency which was apparent in implementing some of these projects.

66. While fully recognizing the important work of the Commodities Division, the representatives of some developed market economy countries stated that reorientation of the work of the Division did not seem to require an increase in staff, because of its already large size.

67. The Deputy Director of the Commodities Division^{13/} stated that in general the secretariat had had to base its work programme for 1973 and 1974 on the resolutions adopted by the Conference at its third session. That involved making a number of assumptions, in particular about decisions to be taken at the forthcoming session of the Committee on Commodities. The secretariat would be reviewing the work programme, and the relevant priorities, resulting from that session.

68. The representative of a developed market economy country drew attention to the large increase in man-months for work on market access and pricing policy and asked for an explanation of the apparent discrepancies between line 5 in table IV of TD/B/407 and lines 3.2, 3.5 and 3.6 in table I of the Commodities section of document TD/B/407/Add.1. The Deputy Director stated that the differences reflected the inclusion in table IV of only those parts of the activities of three sections of the Division which dealt specifically with access to markets and pricing policy. This, in turn, reflected the necessary reorientation of work after the third session of the Conference.

69. The representatives of those developed market economy countries who spoke in the debate, as well as the representative of one socialist country of Eastern Europe and of one developing country, questioned the necessity for increasing the number of professional man-months allocated to temperate zone food-stuffs because in their view, the secretariat might have prejudged decisions still to be taken and overestimated the burden of work which was likely to result from the seventh (special) session of the Committee on Commodities in this field.

70. The representatives of certain developing countries were disturbed by the decline since 1970 in total man-months allocated to tropical products in view of the fact that many of the developing countries in the tropical zone were economically dependent on agriculture. On the other hand, the representatives of other developing countries, while agreeing with the number of man-months proposed for tropical products, noted that the number of man-months allocated for projects on temperate zone food-stuffs - in respect of which access to the markets of the developed countries presented more serious problems - was nevertheless appreciably lower than the total proposed for tropical products. They therefore supported the increase proposed by the secretariat for 1973 and 1974 for projects on temperate zone food-stuffs.

71. The Deputy Director stated that in order to reorient the work of the Division towards access to markets and pricing policy the secretariat had proposed to reduce the non-operational activities on tropical products incumbent on the Division in accordance with Conference resolution 16 (II), without detriment, however, to any operational work on these products. He also drew attention to the fact that two sections of the Division had been amalgamated, thereby making possible a more efficient utilization of staff.

72. The representatives of some developed market economy countries expressed concern that work on mineral production from the sea-bed might largely duplicate the

^{13/} Owing to the simultaneous meeting of the United Nations Cocoa Conference, the Director of the Division was unable to be present.

work of the Committee on the Peaceful Uses of the Sea-bed and the Ocean Floor beyond the Limits of National Jurisdiction and did not consider that high priority was necessary for this work. The representative of one socialist country of Eastern Europe noted that the question of mineral resources of the sea-bed would be discussed at the next session of the Committee on Commodities and at the forthcoming International Conference on the Law of the Sea.

73. The representatives of developing countries expressed their support for the high priority accorded to work on the sea-bed, and one of them foresaw an economic catastrophe should the problem of mineral production from the sea-bed not be urgently solved.

74. The Deputy Director reaffirmed that the work envisaged under Conference resolution 51 (III) would in no way duplicate work done elsewhere, and referred to the close co-operation existing with the secretariat of the Committee on the Peaceful Uses of the Sea-bed. He pointed out that the Secretary-General of UNCTAD envisaged submitting a report on UNCTAD's work in this area to the Trade and Development Board at its thirteenth session.

75. The representatives of some developed market economy countries urged, in connexion with the multilateral trade negotiations envisaged to begin in 1973, that there should be no duplication of work with other bodies, in particular with GATT. The Deputy Director stated that there was close and continuous contact between the UNCTAD and GATT secretariats in this field.

76. The representatives of two developed market economy countries questioned the high priority assigned to the marketing and distribution studies which the secretariat was to undertake in pursuance of Conference resolution 78 (III). One of them, supported by another, stated that, to the extent that any study was carried out, it might be better to use consultants. He added that he was opposed to the recruitment of additional staff for this purpose. The Deputy Director explained that the need for one additional post for the study on marketing and distribution systems had been specified in the statement of the financial implications of Conference resolution 78 (III). The extra post was necessary because the Division did not possess sufficient expertise in this highly specialized field. The representative of one developed market economy country inquired whether developed consuming countries other than developed market economy countries were being included in the marketing and distribution study for cocoa which was under preparation by the secretariat, and was informed that the secretariat hoped to be able to include them. The representatives of two developing countries supported the high priority given to the marketing and distribution studies and emphasized the great importance their Governments attached to these studies.

77. The representative of one developed market economy country considered that the secretariat had made a good attempt at setting priorities for different projects, although there remained areas where improvements could be effected.

78. In view of the importance attached to the implications of the seventh (special) session of the Committee on Commodities, scheduled to be held in February 1973, for the work of the secretariat, the Working Group agreed that the work programme in this field would need to be reviewed in the light of decisions taken at that session. The representative of one developed market economy country suggested that the provisional agenda of the seventh session of the Committee be annotated accordingly, so that suitable recommendations could be made to the Trade and Development Board at its thirteenth session. In addition to the reservations made during the discussion by the representatives of some developed market economy countries and the understanding that certain aspects of the work programme in its present form

(TD/B/407/Add.1) were not necessarily acceptable to all Governments, the representative of one developed market economy country reserved his position regarding that part of the Division's work programme which depended on decisions yet to be taken by the Committee on Commodities at its seventh (special) session.

4. Manufactures

79. The discussion focused on four main areas of work: review and analysis of the effects of the generalized system of preferences; analysis of non-tariff barriers and adjustment assistance; restrictive business practices; and export policies. Comments were also made with respect to the analysis of tariff barriers, the world supply and demand for manufactures and semi-manufactures and technical assistance activities of the UNCTAD secretariat. On the whole, most representatives taking part in the discussion considered that the programme of activity was well-balanced, that priorities accorded to the various projects were generally appropriate and that the programme reflected the mandates conferred on the secretariat by the Committee on Manufactures, the Trade and Development Board and the third session of the Conference. Most of the questions raised related to the allocation of staff resources, priorities for particular projects, possible duplication of work with that of other organizations and the substantive coverage of certain projects.

80. The representatives of developing countries pointed out that, while there was a common desire to avoid duplication of work with other bodies, and in particular GATT, UNCTAD had been given a specific mandate by Governments at its third session, by virtue of Conference resolutions 76 (III) and 82 (III). That applied in particular to provisions, inter alia, that the UNCTAD secretariat should provide appropriate assistance to the developing countries in preparations for their full and effective participation in the multilateral trade negotiations to begin in 1973.

Review and analysis of the effects of the generalized system of preferences (4.1)

81. Since the generalized system of preferences had been implemented by most preference-giving countries, and a UNDP project had been established in this field, and given the continuing nature of the secretariat's work, the representatives of some developed market economy countries inquired about the increase in man-months for this activity in 1973 and 1974. It was their view that the resources required to review the implementation of the schemes should not be of the same magnitude as those required for the original studies and the actual discussions leading to agreement on the generalized system.

82. The representatives of developing countries felt that, since only the foundations of the system had been laid with the implementation of most of the schemes, work on preferences was just beginning, and they agreed with the priorities accorded by the secretariat to the various projects. Moreover, they felt that the increase in man-months allocated to this activity, especially in connexion with the Special Committee on Preferences, was modest in comparison with the substantive responsibilities of the secretariat. In addition, the forthcoming multilateral trade negotiations could affect adversely the preference margins in favour of the developing countries already agreed upon in the context of the generalized system of preferences. Consequently, the system had to be kept under continuous review in the interest of those countries.

83. The Director of the Manufactures Division explained that Conference resolution 77 (III), as well as section VIII of the Agreed Conclusions of the Special Committee on Preferences (Board resolution 75 (S-IV)) conferred on the secretariat a considerable amount of work in regard to the evaluation of the functioning and impact of the system. The servicing of a session of the Special Committee on Preferences in 1973 and 1974 required much research and other

preparatory work. In addition, there were important commercial policy developments related to the enlargement of the EEC, the establishment of an industrial free trade area in Western Europe between the EEC and several remaining members of the European Free Trade Association, the multilateral trade negotiations in GATT, all of which, through the resulting reduction of tariffs, would have an impact on the generalized system of preferences, and so needed to be studied by the secretariat. In reply to certain questions, he explained that the UNDP technical assistance team on the generalized system of preferences was concerned only with provision of information and advice on the generalized system of preferences to developing countries and how they could benefit from it.

Analysis of non-tariff barriers and adjustment assistance measures (4.3)

84. The representatives of some developed market economy countries questioned the strong upward trend in man-months for this activity between 1970 and 1974, as well as the product and problem coverage of the studies on non-tariff barriers and the priority attached to work on adjustment assistance, which the secretariat's explanatory text in the work programme document indicated might have to be delayed in the face of more urgent work. In view of the extensive work on non-tariff barriers already done by the secretariat for the Committee on Manufactures, they wondered whether the proposed increase was really necessary. One of these representatives requested a breakdown of man-months by project, and another inquired whether the documentation for assisting developing countries in preparations for the multilateral trade negotiations would be made available to all members of UNCTAD. He also asked whether, as requested by Conference resolution 76 (III), the secretariat in its work on non-tariff barriers would take into account the views expressed in the Committee on Manufactures that such work should cover only products of specific interest to developing countries in particular.

85. The representatives of some developed market economy countries expressed concern at possible duplication of the work of GATT. They requested a list of studies being prepared by the two secretariats on the subject of non-tariff barriers and adjustment assistance, so that they could examine this issue in closer detail. The representative of one developing country supported the request for such information which, he said, was necessary to determine whether there was duplication in GATT of the work of UNCTAD. Following some discussion, there was consensus that the Working Party was not competent to review the work of GATT. However, it could, if deemed necessary, request information on studies being carried out by the UNCTAD secretariat, together with a list of studies which would not be carried out in view of work already done in GATT. The Director of the Manufactures Division explained the various forms of co-operation with GATT undertaken in conformity with the provisions of Conference resolutions 76 (III) and 82 (III).

86. The representatives of the developing countries stressed the importance of work on non-tariff barriers, in particular in view of the forthcoming multilateral trade negotiations, and urged the secretariat to expedite this work. They felt that the number of man-months being devoted to this field of activity was modest indeed in comparison with the wide range of subjects to be covered and the urgency of completing the work. One of these representatives stressed that the interdependence of non-tariff barriers and adjustment assistance was a particularly important safeguard against the erosion of preferential margins which would result

from the forthcoming multilateral trade negotiations. He felt that this interrelationship could lead to further trade liberalization in favour of developing countries, and suggested that the text relating to adjustment assistance in the work programme should be made more precise in the future by incorporating a reference to its relation to trade liberalization.

87. The representative of a socialist country of Eastern Europe emphasized the importance of work on non-tariff barriers, in particular for the developing countries, and said that the priorities assigned to the different projects were appropriate. He felt, however, that the formulation of the project on adjustment assistance was too general and in future should be more specific.

88. The Director of the Manufactures Division explained that high priority was still being given to the general aspects of adjustment assistance measures, such as guidelines and criteria for their application, but that work on individual country studies was somewhat delayed in view of the limited staff resources. In carrying out its work on non-tariff barriers the secretariat was concentrating on the particular problems faced by developing countries and the product groups of export interest to them. The Director provided details of the estimated man-months allocated to the various projects in activity 4.3. ^{14/} He added that the secretariat was in constant touch with the GATT secretariat to avoid unnecessary duplication; where information was available in GATT on problems of interest to UNCTAD, it was drawn upon as appropriate, and the UNCTAD secretariat was following the relevant work of the various working groups of GATT. The Director indicated that it would not be possible to complete the work on the various projects in this field by the end of 1973, taking into account available resources and the wide range of subjects to be covered. Furthermore, the probability that the multilateral trade negotiations would extend over two or three years necessitated continuing studies. He confirmed that all the documentation prepared to assist developing countries in their preparations for the multilateral trade negotiations (project 4.3.4) would be made available to all members of UNCTAD.

Restrictive business practices (4.4)

89. The representatives of some developed market economy countries inquired about the scope of the studies and stressed that they should cover corporations and enterprises in as many countries as possible including, where relevant, those having different economic and social systems. They considered it important that account should be taken of the work done or in progress in other organizations,

^{14/} The information provided was as follows:

<u>Project</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>
4.3.1	19	20	22	23	23
4.3.2	12	25	26	28	28
4.3.3	-	4	4	4	4
4.3.4	-	-	4	8	12
4.3.5	4	13	10	10	10
	—	—	—	—	—
TOTAL	35	62	66	73	77
	—	—	—	—	—

Note: The scope of work on each project is described in document TD/B/407/Add.1, pages 42-44.

such as OECD. One of these representatives stressed the need to co-ordinate the work of the Ad Hoc Group of Experts on Restrictive Business Practices established under Conference resolution 73 (III) with the study group on multinational corporations established under Economic and Social Council resolution 1721 (LIII). Another wondered whether work should not first be carried out on the identification of restrictive business practices before examining the possibility of drawing up guidelines or considering the formulation of elements of a model law or laws for developing countries. He also considered that the work being done on transfer of technology, as reflected in the programme of activity in that field and in one of the documents submitted to the Conference, 15/ overlapped with that on restrictive business practices. In his view, all work in UNCTAD on restrictive business practices, including that in the context of transfer of technology, should be carried out by the Manufactures Division. If it were not, there must be co-ordination in these two areas. 16/

90. The representatives of most developing countries agreed with the high priorities assigned by the secretariat to work in this area, stressing the need for simultaneous attention to all three projects and the urgency of the work.

91. These representatives considered that the lack of information on specific problems was not an obstacle to carrying out the work on guidelines and on the elements of a model law or laws on restrictive business practices. One of them considered that the project on elements of a model law or laws on restrictive business practices did not seem to deserve high priority, given that it seemed to be of no practical value in the light of the urgency and importance of the two other projects.

92. The representative of a socialist country of Eastern Europe stated that UNCTAD was the only body within the United Nations system dealing specifically with the question of restrictive business practices, that the work in this area was extremely important, in particular with regard to the trade and development of developing countries, and that such practices by private enterprises in developed market economy countries also affected socialist countries. He also stated that the work on identification of restrictive business practices was irrelevant so far as the enterprises of the socialist countries of Eastern Europe were concerned.

93. In response to requests for clarification concerning work on elements of a model law or laws for developing countries the Director of the Manufactures Division referred to Conference resolution 73 (III) which requested the UNCTAD secretariat to give urgent consideration to this subject. He indicated that the work involved related essentially to the appropriate means of controlling restrictive business practices. There was no implication that developing countries should either adopt restrictive business practice legislation or that such legislation should be uniform. Essentially, the secretariat was examining the common elements and objectives of such legislation, and, in particular, the means of achieving these objectives. He also indicated that the country coverage of the various studies included under activity 4.4 would be as extensive as possible, but

15/ See Proceedings of the United Nations Conference on Trade and Development, Third Session, vol. III, Financing and invisibles (United Nations publication, Sales No.: E.73.II.D.6), document TD/107 and Corr.1.

16/ See also paras. 125 and 126 below.

that there were a number of obstacles, both legal and other, to obtaining the relevant information. Enough was available, however, to carry out work simultaneously on the three projects, as had been requested by the Conference. The secretariat would take into account the published work of other organizations, in particular OECD, but much information was not publicly available and lack of access to it by the UNCTAD secretariat posed certain problems. It was intended that the report of the Ad Hoc Group of Experts on Restrictive Business Practices, to be convened early in 1973, should be made available to the meeting of the study group established by the Economic and Social Council. With regard to co-ordination of the work on restrictive business practices and transfer of technology, the interest of the Manufactures Division in the latter subject was confined to the question of how far restrictive business practices were applied in the transfer of technology. No work was done in the Manufactures Division on transfer of technology as such. Moreover, every effort was made to avoid duplication with the work on transfer of technology. Even though the work had commenced shortly after the second session of the Conference, the restrictive business practices section consisted, even in 1972, of only two professional posts. He pointed out that the statement of financial implications of the draft resolution that was subsequently adopted at the third session of the Conference specified the need for two additional professional posts.

Export policies (4.5)

94. The representative of one developed market economy country noted with favour that the secretariat's initial work on this subject, which was reflected in the "Review of the export policies for expansion and diversification of exports of manufactures and semi-manufactures from developing countries" (TD/111/Supp.1), had included brief sections on policies of developing countries. He encouraged the secretariat to continue its analysis of such policies, which, as indicated in the International Development Strategy, were so important for the development of those countries. Such work should take into account related work being carried out in the Research Division. The representative of another developed market economy country requested clarification concerning the authority for carrying out studies on export incentives and free manufacturing zones.

95. The representatives of developing countries recognized the importance of work on export policies and agreed with the priorities accorded to it. They also stressed the importance of related technical assistance activities by UNCTAD and welcomed the co-operation between UNCTAD and UNIDO, particularly with regard to international subcontracting and free manufacturing zones. One of these representatives urged the early completion of the secretariat's study on textiles, which he regarded as most important. The representative of a socialist country of Eastern Europe expressed agreement with the priorities accorded in general by the secretariat. In his opinion, however, in its work on free manufacturing zones, UNCTAD should take fully into account the fact that when that question had been discussed in UNIDO conflicting views had been expressed by the representatives of the various groups as to the utility of establishing such zones. With regard to international subcontracting he observed that, since a great deal of work was already being done in UNIDO, the tasks of UNCTAD should be limited to the trade and development aspects of the subject. The representative of a developed market economy country inquired why the project on international subcontracting had been given a high priority, although it was one of those which the secretariat thought might be delayed, owing to pressure on resources.

96. The Director of the Manufactures Division drew attention to the reports of the Committee on Manufactures on its third, fourth and fifth sessions, which provided a mandate for the secretariat's continuing work on export incentives. Moreover, the forthcoming multilateral trade negotiations would in all likelihood deal with the question of export subsidies, which would also require work by the secretariat. Work on free manufacturing zones was related to the general objective of the Committee on Manufactures, as laid down in its terms of reference, which was to promote the expansion and diversification of exports of manufactures and semi-manufactures from developing countries. The implementation of the generalized system of preferences made work on the commercial policy aspects of the subject even more necessary. In addition, free manufacturing zones were closely related to international subcontracting, on which a resolution had been adopted by the Conference. Finally, this project represented an important aspect of co-operation with UNIDO in the context of technical assistance to developing countries.

Other topics

97. The representatives of some developing countries regretted that the project on tariff reclassification had been given a lower priority than in earlier years. The Director explained that the urgency of work in this area had diminished somewhat with the introduction of the generalized system of preferences, which embraced most of the handmade/handicraft products under consideration. None the less, work was continuing and the Customs Co-operation Council was intensifying its examination of various samples submitted by developing countries.

98. The representative of a socialist country of Eastern Europe questioned the necessity for increasing staff resources for the annual Review of Trade in Manufactures of Developing Countries, which was a continuing activity. The Director explained that in recent years this activity had been somewhat neglected because of staff shortage. He hoped that more substantial work could be done on the review in the future.

99. On the subject of technical assistance the representatives of some developed market economy countries inquired about the significant increase in man-months from 1972 to 1974 and also about the allocation of time and funds devoted to this activity.

100. The representatives of developing countries emphasized the importance and usefulness to their countries of technical assistance missions and substantive back-stopping, and stressed that these types of activity were becoming even more necessary in view of the forthcoming multilateral trade negotiations.

101. The Director outlined the main elements of the technical assistance programme. He stated that substantive back-stopping of technical assistance activities was related to the generalized system of preferences, export incentives, and the commercial policy aspects of free manufacturing zones etc., and in future (in co-operation with UNIDO) would cover also international subcontracting and matters relating to the multilateral trade negotiations. Also, the Division assisted the UNCTAD/GATT International Trade Centre on commercial policy aspects of its projects, briefed experts and reviewed reports wherever commercial policy questions were involved. The secretariat was co-operating with UNIDO, in

particular with respect to the execution of projects on the establishment of free manufacturing zones and to the generalized system of preferences country missions. Moreover, it devoted considerable staff resources to assisting in the review and preparation of UNDP country programmes.

5. Shipping and ports

102. The representatives of some developed market economy countries referred to activity 5.1 ("Structure of the shipping industry, including technological progress in shipping") and asked why there was an increase in planned inputs from 1973 to 1974, since most of the studies in this field were nearing completion. The Director of the Division for Invisibles said that the study on marketing structures and trade organization covered a promising area of activity and that work in that area was expected to expand in the coming years. The increase was also related to the work to be done in pursuance of Conference resolution 71 (III); the UNCTAD/Legal Office Joint International Shipping Legislation Unit would also be involved in this work. The representatives of several developing countries suggested that the study on marketing structures and trade organization should receive higher priority than it had been given.

103. The representative of a developed market economy country, referring to activity 5.2 ("Freight rates"), asked under what authority the study on the maritime transport of rice was being carried out. The Director said that it was the continuation of a series on the maritime transport of commodities which so far had covered tropical timber, natural rubber, jute and iron ore. It had been requested by FAO and agreed to because it was felt that it would be of benefit to both organizations, although it had not been specifically requested by the Committee on Shipping.

104. The representative of a developing country, referring to activity 5.3 ("Development and improvement of ports"), asked for further explanations on the work being carried out. The Director said the research work on ports had been authorized by the Conference and the Committee on Shipping. The secretariat had received substantial extrabudgetary funds from the Nordic countries and the Netherlands for its port research programme.

105. The representatives of some developed market economy countries, referring to activity 5.4 ("International shipping legislation"), expressed reservations concerning the two additional professional posts and one additional general service post included in the planned inputs for 1973 and 1974 in this field and referred to in document TD/B/414. They asked for the justification for these additional posts. In their view the matter had not been finally settled at the Working Group on International Shipping Legislation, which had been told that the additional posts were needed for work to be begun, or be continued, by the Joint International Shipping Legislation Unit. In the latter connexion, these representatives made the following observations. The work by the UNCTAD secretariat on bills of lading had been completed, any further work would most likely be of a legal nature best entrusted to the Legal Office, and it was now largely a matter of intergovernmental negotiations. With regard to further work on the regulation of liner conferences, they felt that the secretariat should not prejudge action by the General Assembly. In any case, if there were to be further work, it would mainly involve intergovernmental negotiations and not additional studies. The work on charter parties was less urgent now that it was proposed to postpone the

fourth session of the Working Group on International Shipping Legislation until 1974, and the work on marine insurance would fall mainly on the insurance programme. For all of these reasons these representatives stated that, even if there were to be additional work, it could be absorbed within existing resources. The representative of one developed market economy country stated that the secretariat had shown in the past that it had the ability to take on additional work at short notice without an increase in manpower, citing, as an example, the study on the economic consequences of the closure of the Suez Canal. In addition, the representative of another developed market economy country suggested that, in view of the work that had already been done on bills of lading and the regulation of liner conferences, the studies on these two subjects should receive lower priority than they had been given.

106. Commenting on the foregoing observations, the Director stated that, leaving aside the inputs financed by extrabudgetary funds, the resources devoted to the programme of work on shipping and ports had been stable in the last several years. The Joint International Shipping Legislation Unit had been under-staffed and over-worked. The Unit had been set up the Secretary-General of the United Nations to service both the UNCTAD and the UNCITRAL Working Groups on International Shipping Legislation, and was concerned not only with the economic and commercial aspects of international shipping legislation but also with the legal aspects. The Unit was continuing work on bills of lading and any further work required by UNCITRAL would be referred to it. Further, there would be additional work in pursuance of Conference resolution 71 (III), which would be carried out by two sections; the Unit and the Structure of Shipping Industry Section. The secretariat was not prejudging action on Conference resolution 66 (III) by the General Assembly at its current session but merely earmarking the resources that would be needed if it was requested to service the preparatory committee and the conference of plenipotentiaries. In addition to the substantive servicing of meetings, it would be necessary to prepare the basic documentation. It was reasonable to assume that the UNCTAD secretariat would be servicing these bodies, since it had the requisite expertise. The Director added that it was precisely because the Unit had been under-staffed that it had been decided to recommend that the fourth session of the Working Group on International Shipping Legislation be postponed until 1974. The work on charter parties had been delayed owing to shortage of staff; that on marine insurance would be undertaken jointly by the Unit and the insurance branch.

107. The representatives of several developing countries supported the creation of the additional posts in the Joint International Shipping Legislation Unit. One of them said that it was right that the secretariat should earmark the necessary resources pending a decision by the General Assembly on resolution 66 (III). Another said that it was not unreasonable to assume that, if further work was to be done on a possible convention on the international combined transport of goods, it would be entrusted to UNCTAD.

108. The representative of a socialist country of Eastern Europe noted the great importance of solving the problem of elaborating a code of conduct for liner conferences. In his view, UNCTAD could take an active part in the solution of that problem. He said that, in UNCTAD's programme of work, provision should be made for the possibility of studying problems of economic co-operation in merchant shipping, which were the subject of Conference resolution 71 (III).

A study of those problems was essential since the Committee on Shipping, at its next session, would have to take into account the provisions of that resolution. 17/

109. The representatives of some developed market economy countries, referring to activity 5.5 ("Substantive support for technical co-operation activities"), asked to what extent the planned inputs for 1973 and 1974 were to be financed through the regular UNCTAD budget and to what extent from extrabudgetary funds. The representative of the Secretary-General of UNCTAD said that the relevant information, covering all substantive divisions, would be circulated to the Working Party. 18/

6. Insurance

110. The Working Party took note of the programme of work on insurance as set out in document TD/B/407/Add.1.

7. Transfer of technology

111. The representatives of several developed market economy countries stated that they were not opposed to an increase per se in manpower devoted to the transfer of technology. Some of them, however, considered that the increases in man-months for 1973 and 1974 were excessive, whether viewed in percentage or in absolute terms, and were not justified by the work envisaged in the work programme adopted by the Intergovernmental Group on Transfer of Technology and in Conference resolution 39 (III). The representative of one developed market economy country, supported by another such representative, said that since the work programme envisaged in the Conference resolution was not different in type or volume from that agreed upon by the Intergovernmental Group, it was not clear what further studies the additional staff would be undertaking. The projected increases for 1974 went beyond those specified in the statement of financial implications of the draft resolution adopted at the Conference. 19/ The representatives of two developed market economy countries recalled the reservations made by their delegations at the third session of the Conference concerning the financial implications of the resolution. One of them noted that the existing size of the Transfer of Technology Unit compared favourably with that of sections doing equally important work.

112. The representatives of some developed market economy countries considered that a statement of financial implications did not automatically sanction an increase in resources; such additional resources might well be found by a reallocation of existing manpower. One of these representatives noted that the Secretary-General of UNCTAD had undertaken to try to absorb additional requirements within existing resources, so far as possible.

17/ For action by the Board on Conference resolution 71 (III), see part one above, chapter I, para. 56.

18/ See also chapter II and annex II below.

19/ See Proceedings of the United Nations Conference on Trade and Development, Third Session, vol. I, Report and Annexes (United Nations publication, Sales No.: E.73.II.D.4), annex IX.

113. The representative of one developed market economy country said that his delegation at the third session of the Conference had not expressed any reservation on either the contents or the financial implications of Conference resolution 39 (III). He therefore accepted the formulation and size of the work programme proposed by the secretariat, which, he said, was of great importance to developing countries. The representative of another developed market economy country supported a certain increase in man-months in the Transfer of Technology Unit, but wondered whether the increase proposed was not too ambitious, in view of the limited resources of UNCTAD and of the United Nations in general.

114. The representatives of the developing countries considered that the work programme was balanced and in compliance with the work programme adopted unanimously by the Intergovernmental Group and with Conference resolution 39 (III). They could not agree that the increases in manpower were excessive or unjustified, since the programme was completely new and one of the most important of all the programmes of activity of UNCTAD. They recalled that the work programme of the Intergovernmental Group had been approved by the Board at its eleventh session, and subsequently by the Conference, and had been welcomed by the General Assembly in its resolution 2821 (XXVI). The size and priorities of the programme reflected the importance of the subject to developing countries. Work in the field of transfer of technology required highly specialized staff, which could not be found in other divisions of the secretariat. Compared with the amount of work that had to be done, the planned increases in staff were the minimum needed. It was because the base figures were small that the percentage increase looked large. Moreover, the increases were consistent with the decisions taken at the third session of the Conference, which the Board had no competence to change.

115. The representative of a socialist country of Eastern Europe drew attention to the extreme importance of problems relating to the transfer of technology; he emphasized that UNCTAD should concern itself with all flows of such transfer. Since UNCTAD was just beginning to examine those problems, the choice of lines to pursue required a very careful approach in order to avoid duplicating the work of other organizations of the United Nations system. He emphasized in particular that UNCTAD should concern itself only with the trade and financial aspects of the transfer of technology.

116. The Director of the Division for Invisibles, commenting on the foregoing observations, stated that the transfer of technology was a new area of activity which had been totally neglected until some two years ago. Much work remained to be done and the proposed resources were not big in comparison with the resources allocated to other programmes. Shortage of staff had delayed the secretariat's work, and the planned inputs were the minimum needed, as had been made clear in the statement of financial implications submitted at the third session of the Conference. One way of coping with the increased workload without increasing manpower was to divert resources from other Divisions, but there were limitations to that approach because of the specialized nature of the work. The additional two professional posts and two general service posts for 1974, supplementing the four professional posts and one general service post for 1973 specified in the statement of financial implications submitted to the Conference, were the minimum needed as work progressed. The manpower envisaged for 1973 and 1974 would still be small relative to the amount of work that had to be done in accordance with the work programme adopted by the Intergovernmental Group and with Conference resolution 39 (III).

117. The representatives of some developed market economy countries expressed reservations concerning the planned inputs for substantive support for technical co-operation activities (activity 7.6), stating that the figures seemed ambitious, given the lack of experience in UNCTAD and the activities already covered by UNIDO in this field. One of them asked whether an advisory service was to be established. He noted that while there had been a draft resolution calling for the establishment of an advisory service, this concept had been rejected at the third session of the Conference. Conference resolution 39 (III) authorized the secretariat to give advice but not to establish an advisory service. The representative of another developed market economy country stated that if the activities concerned were to be financed from the assessed UNCTAD budget, that would be of serious concern to his delegation in so far as it resulted in an increase in the total UNCTAD budget. He and other representatives of developed market economy countries thought that technical assistance projects should be channelled through UNDP and financed by that Programme. They asked to what extent the 24 man-months in 1973 and the 42 man-months in 1974 were to be financed by UNDP, in accordance with paragraph 7 (b) of Conference resolution 39 (III). One of them also asked whether the planned inputs were to meet requests which had already been formulated by developing countries. If not, the activities were premature.

118. The representative of a developed market economy country expressed satisfaction with the projects included in activity 7.6 and considered them to be in line with Conference resolution 39 (III).

119. The representatives of the developing countries also expressed satisfaction with the projects included in activity 7.6, which they considered to be in line with the Conference resolution. They added that the projects would provide the operational instrument for translating the research work into practical results for developing countries. The Board had no competence to change the decision of the Conference on this matter. The representative of one developing country said that the UNCTAD secretariat could and should undertake technical assistance activities, and that they need not all be financed by UNDP.

120. The Director recalled that paragraph 7 (b) of the Conference resolution requested the UNCTAD secretariat to "provide advice through UNCTAD's own services". He stated that it was not for the UNCTAD secretariat to decide whether the Governments had rejected the concept of an advisory service, and that Governments would themselves have to interpret the resolution. The Conference envisaged that UNCTAD's own services would be financed not only through UNDP but also through voluntary contributions, since specific reference was made in the resolution to the latter. The estimated man-months for substantive support for technical co-operation activities were a modest reflection of the needs of developing countries and he believed they correctly anticipated requirements.

121. The representative of a developed market economy country suggested that the activities relating to the choice of technology (7.3), international legislation regulating the transfer of technology (7.4) and the outflow of trained personnel from developing countries (7.5) should receive lower priority than they had been given, in view of the principal responsibility respectively of UNIDO, WIPO and the Economic and Social Council (World Plan of Action).

122. The representatives of the developing countries agreed in general with the priorities assigned by the secretariat. Some of them suggested, however, that the projects included in activities 7.3 and 7.5 should be rated priority A, since in particular the outflow of trained personnel adversely affected the developing countries and was of exclusive benefit to the developed countries which absorbed that personnel.

123. The representative of a socialist country of Eastern Europe agreed that the projects included in activity 7.3 should be given priority A.

124. The Director said that raising priorities as had been suggested would imply additional resources. When work had advanced further, a clearer picture of priorities for individual projects would emerge, and the question could then be taken up by the Intergovernmental Group at its second session.

125. The representative of a developed market economy country noted the overlap between Conference resolutions 73 (III) and 39 (III) with respect to restrictive business practices. He referred to the danger of duplication of work between the Manufactures Division, which was responsible for all work on restrictive business practices, and the Division for Invisibles, which was responsible for work on the transfer of technology, and cited as an example a study which had been prepared for the Division for Invisibles but dealt with work on licensing agreements in the field of restrictive business practices. 20/ He stressed that co-ordination between the two Divisions was necessary.

126. The Director said that both he and the Director of the Manufactures Division were fully aware of their responsibility to ensure co-ordination and that the necessary co-ordination was in fact achieved.

127. The representatives of some developed market economy countries referred to the work of other bodies on the transfer of technology, particularly that of UNIDO concerning the choice of technology, WIPO concerning the revision of the international patent system, and the Department of Economic and Social Affairs concerning the outflow of trained personnel from developing countries. In addition, UNDP and UNIDO provided advice to developing countries. They stressed the importance of co-ordination between UNCTAD and these bodies.

128. The representative of a socialist country of Eastern Europe noted the importance of the problems presented by the outflow of scientific and technical personnel from the developing countries. He drew attention to the need to co-ordinate the activities of UNCTAD with those of other United Nations organizations working in that field, so that the best possible use might be made of the resources of the United Nations system as a whole.

129. The representatives of some developing countries agreed that there was a need for the UNCTAD secretariat to co-operate, and co-ordinate its activities, with other appropriate bodies. One of them said that the Conference had, in resolution 39 (III), recognized that none of the existing United Nations bodies dealt exclusively with the specific question of the transfer of operative technology to developing countries and that UNCTAD would perform its functions in this field in co-operation and co-ordination with other United Nations bodies and other international organizations. His delegation had full confidence in the ability of the UNCTAD secretariat to ensure that there was no duplication of work.

20/ Ibid., vol. III, Financing and invisibles (United Nations publication, Sales No.: E.73.II.D.6), document TD/107 and Corr.1

130. The Director said that co-operation with other bodies, particularly UNIDO, WIPO and the Department of Economic and Social Affairs, was very close and fruitful. The secretariat had not received any complaint from other United Nations bodies or other international organizations concerning duplication of work.

131. The representative of a developed market economy country considered that the two most important questions for developing countries were not sufficiently highlighted in the secretariat's proposed work programme, namely the adaptation of imported technology to local conditions and barriers to the transfer of technology.

132. The representative of a developing country agreed with the basis on which the secretariat had selected certain countries for study, noting that they were from different geographical regions and at different levels of economic development.

133. The representative of a developed market economy country suggested that any case studies that the secretariat might undertake should include examples of countries which represented "success stories" in the transfer of technology.

8. Trade with socialist countries

134. The representatives of the developing countries who spoke in the debate supported the work programme in this field. Some of them considered it moderate, realistic and well-balanced and expressed appreciation of the studies prepared by the Division for Trade with Socialist Countries, some of which served practical purposes while others constituted a basis over the longer term for an expansion of trade between countries having different economic and social systems. One of these representatives urged the provision of adequate resources for the Division and another supported the marginal increases proposed.

135. The representatives of the socialist countries of Eastern Europe supported the work programme but expressed concern that the manpower allocated to the Division was insufficient for carrying out the new assignments given to the secretariat by virtue of Conference resolution 53 (III). Accordingly, they strongly favoured a reallocation of secretariat resources so as to increase the strength of the Division.

136. The representatives of the developed market economy countries questioned why manpower resources had been noticeably increased for this programme of activity. Conference resolution 53 (III) did not in their opinion seem to justify it, since that resolution was largely placed within the framework of resolution 15 (II), work on which was, of course, already under way. They strongly opposed in particular the increase of manpower for work on East-West trade (activity 8.3), which they held would duplicate the work of the Economic Commission for Europe in a manner unacceptable under the terms of resolution 53 (III), and on consultations (activity 8.4) which, they held, could best be done bilaterally or through ECE, at least in relation to East-West trade. One of these representatives could not accept that resolution 53 (III) provided for a wider range of East-West consultations or an increased role for the secretariat in preparing such consultations; he pointed out that section I, paragraph 2, of that resolution should be read as a whole and in conjunction with section V, subparagraph (b).

137. The representatives of the socialist countries of Eastern Europe expressed their concern at the insufficiency of the resources devoted to the problems of

East-West trade, stating that the provision of only 12 man-months did not tally with UNCTAD's mandatory responsibilities in this field. They maintained that there was an imbalance in the allocation of resources to different Divisions, which was not based on a logical evaluation of the importance of the work of each. They strongly criticized the diminishing weight of the projects of the Division for Trade with Socialist Countries in the over-all work programme of UNCTAD, which was contrary to resolutions 15 (II) and 53 (III). They also stated that there was no duplication of work between UNCTAD and ECE in the field of East-West trade and that even a substantial increase of the work of UNCTAD in this field could not be expected to duplicate the work of ECE in the immediate future.

138. The representatives of some socialist countries of Eastern Europe suggested a number of additional topics for research. The representative of a developed market economy country expressed reservations on these suggestions. 21/

139. The representative of a developing socialist country of Asia stated that he had no objection to the priorities listed in the work programme. There were no problems relating to trade relations with developing countries so far as his country was concerned and UNCTAD should, therefore, retain its traditional formula, according to which the scope of its research in trade relations between the socialist and the developing countries should be limited to the latter's trade with the socialist countries of Eastern Europe.

140. Referring to points raised during the discussion, the Director of the Division maintained that the implementation of Conference resolution 53 (III) presupposed a substantial broadening of the activities of the secretariat compared with those which had been required for the implementation of Conference resolution 15 (II). On the question of consultation procedures he referred to section I, paragraph 2 of resolution 53 (III), which "invites countries having different economic and social systems... to make wider use, where appropriate, of bilateral and multilateral consultations...". The preparations for such consultations implied a greater involvement of the secretariat and necessitated additional staff resources. In view of the staffing limitations, it would be difficult for the secretariat to undertake the new studies which had been suggested by the representatives of some socialist countries of Eastern Europe. Finally, he stated that the scope of research carried out in UNCTAD into East-West trade was of necessity limited and as a rule had involved close co-ordination with the ECE secretariat, thus excluding any possibility of duplication.

9. Financing related to trade

141. The representatives of developing countries stressed the importance of activities undertaken in this field and gave their full support to the activities and staff requirements listed in the work programme, which, in their view, was both balanced and reasonable.

142. The representative of a socialist country of Eastern Europe expressed the view that the programme on financing related to trade was a very important component of the over-all work programme of UNCTAD. The views of his country on the subject had already been stated at the third session of the Conference, particularly in relation

21/ For particulars regarding these proposals and comments thereon, see para. 45 above.

to resolution 84 (III) on the international monetary situation and to other resolutions adopted on financial subjects.

143. The representative of a developed market economy country congratulated the Director on having retained the same number of posts for their programme of activity for 1973 and 1974 as had been available in the previous three years and suggested that this example of carrying out new projects with existing staff resources should be followed by other divisions.

144. The representatives of developed market economy countries asked for an explanation of the projected increases in man-months for activity 9.1 (flow of financial resources and debt problems of developing countries). They inquired how much of this increase was attributable to studies relating to the debt problem, pointing out that so far no decision had been taken on the invitation to the Board in Conference resolution 59 (III) to create a special body within UNCTAD to deal with that problem.

145. Representatives of developing countries stressed the importance to their countries of adequate study of debt-servicing problems and felt that the secretariat's estimate of man-months was perfectly justified. It was also pointed out that the secretariat had been requested to prepare documentation to cover a review of aid targets.

146. The Director of the New York Liaison Office of UNCTAD said that the projected increase in man-months for activity 9.1 must be seen in the context of stable staff requirements as a whole and reflected the flexible use of staff as well as the effect of vacancies. This field of activity had borne much of the burden of the vacancies, and it was therefore natural to restore the level of resources devoted to this subject as new staff was recruited. It was clear that, whether or not a special body was established to examine the debt problem, the UNCTAD secretariat would have to do a great deal more work on that problem. The latest annual report of IBRD indicated the difficulties that lay ahead in this field.

147. The representative of a developing country said that, while he recognized that the mobilization of resources by developing countries (activity 9.2) was an important subject, he had some doubts as to whether the high priority accorded to it was appropriate. The Director of the New York Liaison Office said that this had been a traditional item in the work of the Committee on Invisibles and Financing related to Trade. At the last session of that Committee the UNCTAD secretariat had been asked to give a new direction to its work on the subject, which it was in process of doing.

148. The representative of a developing country questioned whether, in view of the importance and complexity of the subject "International monetary issues, including compensatory financing" (activity 9.3), including the establishment of a link between special drawing rights (SDRs) and additional development finance and the consultations of the Secretary-General of UNCTAD with the Managing Director of IMF and the Director-General of GATT requested in Conference resolution 84 (III), sufficient man-months had been allocated to this subject, and suggested that they might be increased. The representative of another developing country questioned whether the subject was a suitable one for consideration by UNCTAD.

149. The proposal for an increase in man-months for activity 9.3 was not acceptable to the representative of a developed market economy country. In his view, all the

Conference had requested the secretariat to do was to prepare a report for the Board on methods of co-ordination between negotiations in the trade, monetary and development assistance fields, but not actually to undertake the co-ordination itself. The representative of another developed market economy country asked why all projects in the work programme had been accorded priority A. In his view such a rating was not applicable to the projects in 9.3 and 9.4.

150. The Director of the New York Liaison Office explained that the secretariat would have to undertake considerably more work than in the past on trade aspects of the reform of the international monetary system so as to assist not only the Board and the Committee on Invisibles and Financing related to Trade but also the Group of 24 (established by the Group of 77) and the Committee of Twenty. In the circumstances, and considering the complexity of the issues involved, the allocation of staff (3 man-years) was very modest. The correctness of the priority A designation was illustrated by the fact that the UNCTAD secretariat had been invited to participate in the work of the Committee of Twenty.

151. The representative of a developed market economy country asked for an account of the technical co-operation activities envisaged for 1973 and 1974 and requested information as to whether they would be financed from the UNCTAD budget or through UNDP. The Director explained that these activities were projected at only 5 or 6 man-months and involved occasions on which staff would be sent out on short assignments for which no reimbursement by UNDP was available. Even if certain costs were reimbursable, it was impossible to replace staff for short periods.

152. The representative of a developed market economy country expressed concern at the proposed increase in the use of consultants from 21 man-months in 1973 to 36 man-months in 1974. The Director explained that consultants were used for the studies on private investment. During the third session of the Conference, a Working Group of the Third Committee had considered these studies and on the basis of its report the Conference had specifically requested the secretariat to continue to employ consultants for this project. ^{22/} The figures did not indicate an upward trend in the use of consultants; in the original estimates the man-months projected for 1973 had been at the same level as for 1974, but it had been necessary to postpone part of the provision because of the over-all limitation that had been placed on the use of consultants in 1973 by UNCTAD as a whole.

C. Executive direction and management

153. In conformity with a suggestion made earlier during its session (see paragraph 25 above) the Working Party also reviewed, in connexion with this aspect of the work of the secretariat, the tentative calendar of meetings contained in document TD/B/L.290.

154. The representatives of developed market economy countries expressed concern at the heavy calendar of meetings for 1973, noting that all four main Committees of the Board were scheduled to meet. They wondered if certain meetings could not conveniently be postponed, emphasizing that the Board, at previous sessions, had urged meetings to be so spaced as to allow adequate time for the preparation of

^{22/} See Proceedings of the United Nations Conference on Trade and Development, Third Session, vol. I, Report and Annexes (United Nations publication, Sales No.: E.73.II.D.4), annex IV, C, document TD/169, para. 100.

documentation, its circulation in accordance with the six-weeks rule and its consideration by Governments. One of these representatives questioned the usefulness of a meeting in August.

155. The representative of one developed market economy country inquired about the increase in 1972 in the number of man-months allocated to conference affairs, which was followed by a small decline in 1973.

156. The representative of a socialist country of Eastern Europe drew attention to the large number of meetings in 1973, mentioning in particular that sessions of some committees were proposed for both 1973 and 1974.

157. The Director of the Division for Conference Affairs and External Relations, acknowledging the lack of balance in the programme of meetings for the period 1973-1975, explained the difficulties of the secretariat in framing a schedule that would take into account the various decisions of the Conference and the continuing machinery, the demands of other United Nations bodies on meetings services, especially at Geneva, and the rational use of UNCTAD's own resources in order to serve the meetings efficiently. While the Conference decision that the main Committees should meet normally only twice between sessions of the Conference implied that as a rule only two, or at most three, of the main Committees would meet in any non-Conference year, the secretariat had reluctantly concluded that observance of the resolutions of the third session of the Conference necessitated meetings of all the main Committees in 1973. In addition, it was necessary to convene several other intergovernmental meetings in that year which had been requested by the Conference. Consideration had been given to postponing a session of one of the main Committees, but that might leave a longer interval between the Conference and the session of the Committee than the Governments might be ready to accept, in view of the important issues to be resolved. Moreover, a session of the Special Committee on Preferences in both 1973 and 1974 was necessary in view of the work to be done in reviewing the generalized system of preferences and of Board resolution 75 (S-IV); the 1973 session was in conformity with the Conference resolution and the two-year rule did not apply to the Special Committee, which was not a main Committee of the Board. The increase in professional man-months for conference affairs in 1972 simply reflected an upgrading in that year of a general service post into the professional category, and there was therefore no change in the total staff resources devoted to conference services in 1972. The small decline in 1973 reflected the application, to all Divisions, of the mandatory turnover rate (see TD/B/407/Add.1, "explanatory notes", para. 2).

158. The representatives of developed market economy countries, noting these explanations, were not entirely convinced that there was no possibility of postponing until 1974 some of the meetings, including those of committees, for which there was less pressure for immediate action. One of these representatives cited as an example of a meeting which was not particularly urgent the sixth session of the Committee on Shipping, scheduled for August 1973. He also thought that if timelier action had been taken, certain meetings might have been held in 1972, rather than in 1973.

159. The representative of one developed market economy country referred to the view, shared by all Governments and reflected in Board decision 45 (VII) and Conference resolution 80 (III), that meetings should be fewer and shorter. The matters of concern to most main Committees had been fully thrashed out at the Conference, and he doubted whether two full weeks were therefore really necessary for sessions of all main Committees.

160. The representatives of developing countries stated that their countries, which did not have the same resources to follow the work of UNCTAD and participate in meetings as the developed countries, were the first to agree that meetings should be well prepared and spaced out as much as possible. However, they agreed with the schedule of meetings proposed by the secretariat and accepted the explanations given by it. Postponement of certain meetings, as had been suggested, would be to the detriment of the consideration of important and urgent issues. The decisions of the Conference in regard to the convening of certain meetings had to be respected.

161. The representatives of developing countries emphasized that since the pursuit of matters discussed at the Conference, and action on Conference decisions, depended much on the permanent machinery, it was important and urgent for the main Committees to meet and to review their work. One of these representatives, commenting on the remarks by the representative of a developed market economy country on the Committee on Shipping, pointed out that there were several pending items which required the early attention of that Committee.

162. The Director of the Division for Conference Affairs and External Relations, commenting on the foregoing observations, pointed out that one major meeting, involving preparations by the secretariat, had in fact been convened since the Conference met, namely the twelfth session of the Board itself. The secretariat normally planned, in the light of experience, on the assumption of two and a half weeks for a main Committee, but for the present programme it had been obliged to assume a maximum of two weeks in order to accommodate all meetings. That was not without some risk, however. As regards the 12 weeks reserved in 1973 for working parties, study groups and expert groups, the figure had only been kept down by postponing some meetings to 1974 and allowing an average duration of no more than one and a half weeks per meeting. That assumption, too, was certainly not without risk.

163. At the request of the representative of one developed market economy country, the secretariat provided the following figures comparing the estimated size of the documentation prepared for the third session of the Conference with the actual size:

	<u>Estimated</u> ^{a/}	<u>Actual</u>
	(Pages)	
Pre-session documentation	2,000	2,400
In-session documentation ^{b/}	1,600	2,700
Summary records	2,400	2,600
<u>Proceedings</u> of the Conference ^{c/}	1,200	1,050

^{a/} Estimates made before the establishment of the provisional agenda by the Board at its eleventh session (when several new items were added) and before the decision (at the same session) to extend the duration of the Conference by 10 days.

^{b/} Excluding the reports of the sessional Committees and Working Parties.

^{c/} Pages of print.

D. Conference, administrative and other services

164. The representative of China regretted the absence of adequate interpretation facilities in Chinese for the twelfth session of the Board and observed that a number of important documents, including the report of the Conference, had not yet appeared in that language. He hoped that a solution to the problem of Chinese language services would soon be found and that an improvement in the situation would be brought about for forthcoming UNCTAD meetings.

165. The representatives of France, the Union of Soviet Socialist Republics and Argentina (on behalf of the Latin American group) also referred to the late circulation of documents in their respective languages and trusted that, in spite of the well-known difficulties, the rules relating to the circulation of documents would be respected in future. Otherwise, there would be an unacceptable discrimination.

E. Activities of the International Trade Centre: report of the Joint UNCTAD/GATT Advisory Group on the International Trade Centre on its fifth session

166. The Chairman of the Working Party introduced the proposed work programme of the joint UNCTAD/GATT International Trade Centre (ITC/AG/21), which had been considered by the joint UNCTAD/GATT Advisory Group on the International Trade Centre at its fifth session, held from 18 to 21 January 1972, and the Advisory Group's report on that session (ITC/AG/23). The Working Party took note of the report of the Advisory Group.

167. All representatives who participated in the discussion confirmed their support for the proposed work programme and expressed their appreciation of the Centre's work. The representatives of the developing countries referred in particular to the efficiency of the Centre's work in the fields of export promotion and marketing.

168. The representative of one developed market economy country expressed concern about the apparent reduction in the rate of reimbursement by UNCTAD to the Centre of UNDP overheads in respect of technical assistance projects executed on behalf of UNCTAD in the field of export promotion. He suggested that this matter should be reviewed with the appropriate United Nations officials and officials of the Centre.

169. The Director (Programmes) of the Centre stated that the question of reimbursement was under consideration in other bodies. ^{23/} As indicated in the table on page 12 of the proposed work programme (ITC/AG/21), the Centre expected to receive for 1973 \$210,000 in overheads, corresponding to 10 per cent of the accomplished programme for 1972 as estimated at the time of preparing the work programme of the Centre. The representatives of some developed market economy countries, commenting on this reply, noted that it was apparently impossible to state at the present time what percentage of UNDP overheads for projects executed by the Centre would actually accrue to the Centre for its activities in 1973.

^{23/} See also the statement by the representative of the Secretary-General of UNCTAD in chapter II below, para. 182.

170. The representative of a socialist country of Eastern Europe, while expressing full support for the activities of the Centre, recalled that there were also developing socialist countries interested in receiving its assistance. The representative of the Secretary-General of UNCTAD indicated that all countries eligible for UNDP assistance could receive that assistance in export promotion through the Centre.

171. The representative of another socialist country of Eastern Europe considered that decisions taken by the permanent machinery of UNCTAD should be more fully reflected in the work programme of the Centre. He expressed concern at the fact that the contribution from the UNCTAD budget to the regular budget of the Centre was constantly increasing, and suggested that consideration should be given to the possibility of financing this contribution through UNDP.

172. The representative of a developed market economy country referred to the need to ensure close co-operation of the Centre with other United Nations bodies, particularly UNIDO. The representative of a developing country inquired about the co-ordination of the Centre's activities with those of regional organizations that were active in the field of export promotion. He was advised that there was continuous consultation with other bodies of the United Nations system and that in particular periodic consultations were held with UNIDO through a special joint Working Group. There was also a very close working relationship with the regional economic commissions and, where they existed, with other regional bodies. For example, the Centre would be represented at the forthcoming meeting of the Inter-American Centre for Export Promotion.

F. Co-ordination of the activities of UNCTAD with those of
other bodies in the field of trade and development

173. The representative of a developed market economy country expressed great interest in the studies which were to be undertaken on multinational corporations, and inquired about action that was being taken pursuant to Conference resolution 73 (III) and Economic and Social Council resolution 1721 (LIII).

174. The Director of the Division for Conference Affairs and External Relations stated that preparatory work was in progress regarding the constitution of the UNCTAD Ad Hoc Group of Experts, though no precise date had yet been fixed for its first meeting. Close contact was being maintained with the Department of Economic and Social Affairs to ensure that the work in UNCTAD on the subject would complement that being undertaken for the Economic and Social Council. 24/

175. In reply to a question from the representative of a socialist country of Eastern Europe regarding the contribution of the growing number of non-governmental organizations having consultative status to UNCTAD's work, the Director explained the type of assistance received. Relations with such bodies varied: some merely participated in UNCTAD meetings, while others provided a useful channel for the dissemination of information on UNCTAD's activities. Yet others were of a more technical nature, such as organizations in the private sector of the economy, which supplied UNCTAD with technical information.

24/ See also para. 93 above.

176. In amplification, and replying to a more specific question by the representative of a developing country, the Director explained that private organizations in such areas as shipping and insurance were able to provide technical information which could be used particularly in research studies by the UNCTAD secretariat. However, none of these organizations were regarded by the United Nations as expert bodies in the sense that that term was used by the technical assistance services of the United Nations.

177. The Working Party took note of the annex to the report of the Secretary-General of UNCTAD on this subject (document TD/B/407/Add.2 and Corr.1).

CHAPTER II

TECHNICAL ASSISTANCE ACTIVITIES, INCLUDING TRAINING OF TECHNICAL AND SPECIAL STAFF IN THE FIELD OF EXPORT PROMOTION AND INVISIBLE TRANSACTIONS (agenda item 7 (a))

178. During the consideration of the different programmes of activity included in the work programme (see chapter I above), considerable attention was devoted to the support being provided by the various substantive divisions of the UNCTAD secretariat to technical assistance activities. The general question of UNCTAD technical assistance activities, including training of technical and special staff in export promotion and invisible transactions, was reverted to by the Working Party at the end of its deliberations, in connexion with its consideration of agenda item 7 (a).

179. The representatives of all countries participating in the discussion on this subject agreed that the technical assistance activities carried out by UNCTAD, within the context of UNDP, were very useful and expressed their support for them. However, the representatives of some developed market economy countries expressed concern at the considerable increase in staff resources financed under the assessed budget which were used, or projected, in support of such activities. They stressed that the resources required for this purpose should come mainly from extra-budgetary sources and in particular from overheads accruing from the execution of UNDP projects.

180. They noted the secretariat's statement that it could sometimes be more efficient to carry out short assignments within the UNCTAD assessed budget rather than to submit such projects to UNDP. That was particularly true where such assignments coincided with work already being carried out under UNCTAD's own work programme.

181. The representative of the Secretary-General of UNCTAD explained that substantive support to technical assistance did not qualify for project financing by UNDP and that such activities had to be financed through overheads accruing to UNCTAD for projects executed by it. To the extent that such overheads were insufficient, recourse was had to the regular budget of UNCTAD. Foot-notes 2 and 3 to the table on this subject which had been circulated 25/ described the kind of activity which fell under the heading of substantive support. He stressed that activities qualifying for UNDP project financing were not carried out by UNCTAD outside the UNDP framework, apart from the exceptional case he had referred to when speaking in the debate on trade expansion and economic integration among developing countries (see paras. 57 and 63 above).

182. The representative of the Secretary-General of UNCTAD referred to the magnitude of the programme of technical assistance which UNCTAD was required to implement and to the fact that, as for other executing and participating agencies of UNDP, the payment of overheads provided by UNDP did not cover the costs of all

25/ See para. 183 below and also annex III.

the services which the UNCTAD secretariat had to provide in respect of both general programme support to UNDP and specific substantive support to projects entrusted to UNCTAD for execution. The general question of the adequacy of the rate of compensation to the executing agencies for overheads was at present under consideration by the Governing Council of UNDP, and the special difficulties of small and new agencies such as UNCTAD were receiving attention.

183. He also explained that in the case of UNCTAD, a portion of the overheads received from UNDP had to be allocated to different secretariat units at United Nations Headquarters, since it was they who provided the administrative, financial and personnel services for the execution of UNCTAD projects, or else to the UNCTAD/GATT International Trade Centre, which provided substantive support for the execution of projects in the field of export promotion. In the present circumstances, the financing of staff resources by the UNCTAD regular budget was necessary for UNCTAD to play its proper role as a participating and executing agency and respond adequately to the demands for technical assistance from developing countries within its field of competence. At the request of several representatives, the secretariat had circulated tables giving a summary of the estimates by programme of activity of professional man-months spent by UNCTAD staff on substantive support of technical assistance activities, as well as the source of their financing. 26/

184. The preceding explanations were elaborated upon by officials directly responsible for the administration of UNCTAD's technical assistance activities.

185. Replying to a question by the representative of a developed market economy country concerning the consultations referred to in paragraph 45 of the report of the Secretary-General of UNCTAD 27/ for working out new arrangements for the servicing of the technical assistance programme of UNCTAD, the representative of the Secretary-General of UNCTAD indicated that, owing to the increasing operational difficulties in providing adequate and expeditious administrative and financial services from Headquarters, steps were being taken to transfer such responsibility to UNCTAD in Geneva.

186. The same questioner considered that the involvement of UNCTAD in the preparation of UNDP country programmes after the initial phase of the establishment of the new programming procedures by UNDP would gradually diminish, thus reducing the need for additional staff resources geared to this particular activity. In reply, the Acting Director of the Technical Assistance Co-ordination Unit stated that the preparation of country programmes would be a continuing process and that considerable resources would still be needed in the foreseeable future. So far, country programmes had been approved for only 35 out of 133 countries and by the time they were approved for the remaining countries UNCTAD would have to be ready to participate in the second cycle of five-year programming.

187. The representatives of developing countries, reiterating their full support for UNCTAD's technical assistance activities, considered that UNCTAD should have the necessary staff resources to provide effective and adequate support to such activities.

26/ See annex III below for further details.

27/ See Official Records of the Trade and Development Board, Twelfth Session, First part, Annexes, agenda item 8 (a), document TD/B/407.

188. The representatives of two developed market economy countries inquired about the increase in man-months for 1973 in the Technical Assistance Co-ordination Unit, in view of the explanatory text in document TD/B/407/Add.1 and the fact that the major burden of support for technical assistance fell on the substantive divisions. They were advised that the figures in that document assumed an increase in the rate of reimbursement of overheads by UNDP and that while the substantive support of technical assistance activities was performed by the substantive divisions (and was reflected in the tables for the different programmes of activity in document TD/B/401/Add.1), the growth of these activities was placing an increasing burden on the Technical Assistance Co-ordination Unit. The Acting Director of that Unit described in some detail the nature of the Unit's responsibilities, referring in particular to the new UNDP procedure of country programming and to the increasing need for co-ordination with other agencies, which clearly had to be centralized within the UNCTAD secretariat.

ANNEX I

STATEMENT BY THE REPRESENTATIVES OF THE DEVELOPING COUNTRIES AT THE TIME OF THE ADOPTION OF THE REPORT

At the time of the adoption of this report, the representatives of the developing countries recalled their general support for the work programme as a whole in view of the fact that it reflected the spirit and letter of the resolutions adopted by the permanent machinery of UNCTAD and, more especially, by the Conference at its third session. Moreover, they considered that even though the discussion had been of great interest to them, they had not found it necessary to comment in detail in each particular case since the majority of points of interest to them had been covered in the basic documentation and by the introductory statements made by the Secretary-General of UNCTAD and his representatives and their replies to questions raised.

ANNEX II

TIMING OF THE NEXT REVIEW OF THE WORK PROGRAMME

1. Before concluding its deliberations, the Working Party reverted to the question of the timing of the next review by the Board of the work programme, in the light, inter alia, of the cycle of meetings of the budget and programming organs of the United Nations and of the intended introduction by the General Assembly of a biennial programme and budget for the Organization, which had been referred to by the Secretary-General of UNCTAD at the opening meeting. 28/

2. Since no firm decisions had yet been taken on these matters, the Working Party decided that the question should be left to the Board in plenary meeting, when it came to consider the calendar of meetings. It drew the attention of the plenary to the informal consultations on the subject which had taken place within the Working Party at the tenth session of the Board. 29/

28/ See chapter I, para. 7, above.

29/ Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 15 (A/8415/Rev.1), part one, annex V.

ANNEX III

SUMMARY TABLES CONCERNING SUPPORT OF TECHNICAL
ASSISTANCE ACTIVITIES BY THE UNCTAD SECRETARIATTable 1Estimates^{30/} of substantive support for technical
co-operation activities in professional man-months

A. <u>Programmes of activity</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>
Research	2	3	6	8	10
Trade expansion	12	18	18	36	38
Commodities	2	6	6	15	17
Manufactures	7	7	12	17	17
Shipping	9	20	27	32	38
Insurance	12	12	12	17	18
Transfer of technology	-	-	-	24	42
Trade with socialist countries	-	2	3	4	5
Financing related to trade	-	-	-	5	6
TOTAL	44	68	84	158	191
B. <u>Types of activity</u>					
(a) resulting from UNCTAD's functions as a participating agency of UNDP, irrespective of its responsibility for project execution <u>31/</u>	20	30	40	60	80
(b) resulting from the execution by UNCTAD of UNDP projects <u>32/</u>	10	22	26	78	87
(c) <u>not</u> resulting from UNCTAD's functions as a participating and executing agency of UNDP <u>33/</u>	14	16	18	20	24
TOTAL	44	68	84	158	191
of which financed by:					
regular UNCTAD budget	44	68	84	134	165
UNDP overheads <u>a/ b/</u>	-	-	-	24	26
<u>a/</u> Tentatively allocated to:					
Trade expansion	-	-	-	12	12
Shipping	-	-	-	10	10
Insurance	-	-	-	2	2
Transfer of technology	-	-	-	-	2
<u>b/</u> In addition, technical assistance co-ordination and administrative management are financed by UNDP overheads, as follows:	-	12	36	72	...

(For foot-notes, see next page)

30/ These estimates are very tentative. Although no records are maintained of the time devoted by Professional staff to various tasks, the organizational structure of UNCTAD enables a reasonable allocation of total staff time to be made to the main programmes of activity; it is not possible, however, to allocate in this way time spent on substantive support of technical assistance projects.

31/ Covers preparation of country briefs and review of country programmes, appraisal of requests for technical assistance and formulation of projects; briefing, review and preparation of comments on projects executed by other agencies; participation of staff in seminars or evaluation missions; review of reports and provision of advice on technical assistance carried out by various United Nations agencies.

32/ Covers substantive support of projects for which UNCTAD is executing agency: preparation, formulation and appraisal of projects; preparation of job descriptions for experts, evaluation of experts and fellowships, briefing of and advice to experts and fellows and review of reports, follow-up on implementation and final reports, provision of technical advice and documentation, etc.

33/ Covers substantive support of technical assistance activities provided under the United Nations regular programme of technical assistance (Part VI, Section 13 of the United Nations budget) and from trust funds (e.g. Port Training Course); provision of direct technical assistance by UNCTAD staff in the form of studies, short reports or short missions not directly related to UNDP projects (applies only to the field of trade expansion and economic integration).

Table 2

Estimates of professional man-months required for substantive
and administrative support of UNCTAD technical assistance
activities in 1973 and expected sources of finance

<u>I. UNCTAD input into technical assistance</u>		<u>Man-months</u>
A.	Substantive divisions (see table 1)	158
B.	Central management support:	
	Technical assistance co-operation	66
	<u>Less:</u> other duties	<u>- 6</u>
C.	Administrative management	<u>12</u>
		<u>230</u>
 <u>II. Financing of input</u>		
A.	UNDP overheads	
	1. Substantive divisions:	
	Trade expansion	12
	Invisibles: Shipping	10
	Insurance	<u>2</u>
	2. Technical assistance co-ordination	60
	3. Administrative management	<u>12</u>
B.	Regular budget	<u>134</u>
		<u>230</u>

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