



OFFICIAL RECORDS OF THE GENERAL ASSEMBLY
SIXTH SPECIAL SESSION

GENERAL COMMITTEE
and
***AD HOC* COMMITTEE OF**
THE SIXTH SPECIAL SESSION

SUMMARY RECORDS OF MEETINGS

10 APRIL-1 MAY 1974

UNITED NATIONS



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New York, 1975

INTRODUCTORY NOTE

The *Official Records of the General Assembly* for a given session consist of records of meetings, annexes to those records, supplements, certain documents specifically identified as *Official Records*, the *List of Delegations* and the *Check List of Documents*. Information on other documents, issued in offset or mimeographed form, is given in the *Check List* and in the relevant annex fascicles.

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

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GENERAL COMMITTEE

COMPOSITION OF THE GENERAL COMMITTEE

The General Assembly decided¹ that the President, Vice-Presidents and Chairmen of the Main Committees of the twenty-eighth session would serve in the same capacities at the sixth special session, except that, in so far as the Chairmen of the First, Second and Fifth Committees were concerned, Denmark, Senegal and Morocco would appoint representatives to replace Mr. Otto R. Borch (Denmark), Mr. Zewde Gabre-Sellassie (Ethiopia) and Mr. Conrad S. M. Mselle (United Republic of Tanzania), respectively, who were absent.

The General Committee of the General Assembly for the sixth special session was therefore constituted as follows:

President of the General Assembly:

Mr. Leopoldo Benites (Ecuador).

Vice-Presidents of the General Assembly:

The representatives of the following Member States: China, Czechoslovakia, Fiji, France, Ghana, Guyana, Honduras, Netherlands, Spain, Sri Lanka, Tunisia, Uganda, Union of Soviet Socialist Republics, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland, United Republic of Cameroon and United States of America.

Chairmen of the Main Committees of the General Assembly:

First Committee: Mr. Knud-Arne H. Eliassen (Denmark);

Special Political Committee: Mr. Károly Szarka (Hungary);

Second Committee: Mr. Médoune Fall (Senegal);

Third Committee: Mr. Yahya Mahmassani (Lebanon);

Fourth Committee: Mr. Leonardo Díaz González (Venezuela);

Fifth Committee: Mr. Mehdi Mrani Zentar (Morocco);

Sixth Committee: Mr. Sergio González Gálvez (Mexico).

Furthermore, the General Assembly decided¹ that the Chairman of the *Ad Hoc* Committee of the Sixth Special Session should be accorded, for the duration of the session only, full rights of membership in the General Committee, including the right to vote.

¹ See *Official Records of the General Assembly, Sixth Special Session, Plenary Meetings, 2207th meeting.*

GENERAL ASSEMBLY

SIXTH SPECIAL SESSION

GENERAL COMMITTEE

Summary record of the single meeting held at Headquarters, New York, on 16 April 1974

217th meeting

Tuesday, 16 April 1974, at 9.50 a.m.

Chairman: Mr. Leopoldo BENITES (Ecuador).

A/BUR/SR.217

AGENDA ITEM 5

Organization of the session

1. The CHAIRMAN recalled that, at the 2210th plenary meeting of the General Assembly, it had been pointed out that plenary meetings and meetings of the *Ad Hoc* Committee of the Sixth Special Session could be held simultaneously, two meetings being held concurrently every morning and afternoon, until 22 April. The general debate in the plenary Assembly would end on 23 April, and further plenary meetings would be held when the report of the *Ad Hoc* Committee was available.

2. Mr. HOVEYDA (Iran), Chairman of the *Ad Hoc* Committee of the Sixth Special Session, said that the officers of the Committee had discussed its organization of work and had decided that a Working Party should be set up. It had also been agreed that the two unofficial documents prepared by the Group of 77 and already considered should serve as the basis for discussion in the *Ad Hoc* Committee,

3. The *Ad Hoc* Committee had begun to consider the draft Declaration on the Establishment of a New International Economic Order and the Working Party would prepare a more precise draft. Some delegations had sent to the secretariat of the *Ad Hoc* Committee extracts or summaries of speeches made by them in the plenary Assembly, containing specific suggestions which could be considered. The Working Party would also be able to discuss some aspects of the draft Programme of Action in the form of specific proposals.

4. The meetings already held by the *Ad Hoc* Committee had progressed very slowly, and it seemed unlikely that the work would be finished on time. The Working Party would need to hold meetings simultaneously with those just announced by the Chairman in order to carry out its work.

5. Furthermore, he had learnt that some delegations were holding private consultations with a view to taking up urgent matters relating to some of the developing countries in the plenary Assembly.

6. The CHAIRMAN said that the deadline for the *Ad Hoc* Committee to complete its work, 26 April, was a tentative date. It might be necessary to hold week-end meetings. He hoped that the work would be accelerated so that it could be completed before the deadline.

7. He pointed out that rule 41 of the rules of procedure stated that the General Committee should make recommendations to the General Assembly concerning the closing date of the session. If the *Ad Hoc* Committee finished its work on time, the work of the sixth special session could be completed by 29 April.

8. Mr. DRISS (Tunisia) said that it would be difficult to achieve results in the short time remaining before 29 April and suggested that an extra week might be necessary.

9. The CHAIRMAN said that the sixth special session had originally been planned to last three weeks. The General Committee only made recommendations to the General Assembly and the General Assembly was entitled to extend the session if necessary.

10. It might be desirable for the special session to be concluded by 29 April since the Economic and Social Council would be opening its session at about that time.

11. Mr. MALIK (Union of Soviet Socialist Republics) suggested that, if necessary, week-end meetings should be held.

12. The CHAIRMAN said that the recommendation made to the General Assembly could mention the possibility of holding extra meetings.

13. Mr. SZARKA (Hungary) suggested that night meetings should be held if the need arose.

14. Mr. DRISS (Tunisia) said that the workload would be too great if too many night and week-end meetings were held.

The General Committee decided to recommend to the General Assembly that the closing date for the sixth special session should be Monday, 29 April 1974. It also decided to recommend that, if necessary, additional meetings should be held outside the normal working schedule.

The meeting rose at 10.05 a.m.

***AD HOC* COMMITTEE OF THE SIXTH SPECIAL SESSION**

AGENDA

At its 2210th plenary meeting, on 11 April 1974, the General Assembly decided to allocate to the *Ad Hoc* Committee item 7 of the agenda of the sixth special session (Study of the problems of raw materials and development), except with regard to the debate on the item which was being held directly in plenary meeting.

GENERAL ASSEMBLY

SIXTH SPECIAL SESSION

***AD HOC* COMMITTEE OF THE SIXTH
SPECIAL SESSION**

**Summary records of the first to the twenty-first
meetings, held at New York, from 10 April to 1 May 1974**

1st meeting

Wednesday, 10 April 1974, at 8 p.m.

Temporary Chairman: Mr. Leopoldo BENITES (Ecuador).

A/AC.166/SR.1

Election of the Chairman

1. Mr. FALL (Senegal), speaking on behalf of the African group of countries and supported by the other delegations, nominated Mr. Fereydoun Hoveyda (Iran), who had already distinguished himself as Chairman of the Group of 77, for the office of Chairman of the *Ad Hoc* Committee of the Sixth Special Session of the General Assembly.

2. The ACTING CHAIRMAN suggested that, as no other nominations had been submitted, Mr. Hoveyda should be elected by acclamation.

Mr. Hoveyda (Iran) was elected Chairman by acclamation.

3. The CHAIRMAN thanked the members of the Committee, and particularly those from the African group of countries, for the honour done to him. He hoped he would be able to carry out his task by guiding the *Ad Hoc* Committee to a general agreement and accepted with pleasure the responsibilities vested in him.

The meeting rose at 8.15 p.m.

2nd meeting

Friday, 12 April 1974, at 10.50 a.m.

Chairman: Mr. Fereydoun HOVEYDA (Iran).

A/AC.166/SR.2

Election of officers

1. The CHAIRMAN invited the *Ad Hoc* Committee to elect three Vice-Chairmen and a Rapporteur.

2. Mr. BERLIS (Canada), speaking on behalf of the group of Western European and other States, nominated Mr. Jan Arvesen (Norway) for the office of Vice-Chairman.

Mr. Arvesen (Norway) was elected Vice-Chairman.

3. Mr. SZARKA (Hungary), speaking on behalf of the group of Eastern European States, nominated Mr. Eugeniusz Kułaga (Poland) for the office of Vice-Chairman.

Mr. Kułaga (Poland) was elected Vice-Chairman.

4. Mr. PEREZ DE CUELLAR (Peru), speaking on behalf of the group of Latin American States, nominated Mr. Eustace E. Signoret (Trinidad and Tobago) for the office of Vice-Chairman.

Mr. Signoret (Trinidad and Tobago) was elected Vice-Chairman.

5. Mr. FALL (Senegal) said that the group of African States, to which the post of Rapporteur had been allocated, was still holding informal consultations concerning its nominee. It hoped to be able to make the nomination at the next meeting of the Committee.

6. The CHAIRMAN suggested that the election of the Rapporteur should be postponed until the next meeting.

It was so decided.

Organization of work (A/AC.166/1)

7. The CHAIRMAN drew attention to the letter addressed to him by the President of the General Assembly conveying the Assembly's decision to allocate agenda item 7 to the *Ad Hoc* Committee of the Sixth Special Session (A/AC.166/1). He recalled that during informal consultations the general view had been that the *Ad Hoc* Committee should begin its work by deciding whether to set up any subsidiary bodies, which would of course be open to all delegations.

8. The Group of 77 had produced two working papers: a Declaration on the Establishment of a New International Economic Order, and a Programme of Action.¹ The papers were not official documents, but might serve as the basis for discussion in the Committee.

9. It had been generally agreed during the informal consultations that the normal procedure of the General Assembly with regard to the participation of specialized agencies and other United Nations bodies should be followed; they would not, accordingly, be allowed to participate in general debates in plenary meetings. He noted, however, that it had been thought preferable, in view of the short time available, not to have a general debate in the *Ad Hoc* Committee. Many delegations had pointed out that some bodies and agencies had a direct interest in the topics before the Committee, while the concern of others was only indirect. It had therefore been suggested that the representatives of specialized agencies and other bodies might make statements in the Committee on specific points of interest to them. It was possible that some United Nations bodies—for example, the United Nations Conference on Trade and Development (UNCTAD)—might have pertinent general statements to make; in such cases, the body concerned should submit a working paper to the Committee.

10. He suggested that the Committee might begin its substantive work at the next meeting by examining the proposed Declaration and Programme of Action. After the first few meetings it might again consider the organization of its work and take a decision on the establishment of subsidiary bodies. He pointed out that there should not be a proliferation of such bodies, since the services which the Secretariat could make available were of necessity limited.

11. Mr. MACKENZIE (United Kingdom) asked how the Declaration and Programme of Action were to be presented to the Committee, whether any bodies or agencies had already requested a hearing or had circulated documents, and whether the Secretariat might be able to provide a summary of the ideas and proposals put forward in plenary meetings of the General Assembly.

12. The CHAIRMAN said that a number of delegations were ready to introduce the Declaration and the Programme. Some bodies had already asked to be allowed to comment on any points of direct interest to them.

13. Mr. CORDOVEZ (Secretary of the *Ad Hoc* Committee) said that the Secretariat could prepare a summary of ideas and proposals put forward in plenary meetings of the Assembly, but he would like to be sure of exactly what was wanted. It would also have to be ascertained whether the heads of delegations would authorize the Secretariat to prepare a summary of their statements. It might be better for the delegations themselves to state how they wished their ideas to be presented to the Committee; a working paper of the Committee was one possibility.

14. Mr. DRISS (Tunisia) said that the Committee should certainly have before it such a summary of ideas and

¹ Later reissued as Conference Room Papers Nos. 1 and 2 respectively.

proposals, and it might also be useful to set up a subsidiary body to consider them. He suggested that the Chairman should hold informal consultations and submit a proposal on the subject to the Committee at its next meeting.

15. The CHAIRMAN said that the Secretary of the *Ad Hoc* Committee had made a valid point; it would be better for delegations themselves to submit their ideas and proposals to the Committee, thus ensuring that no points were overlooked or given wrong emphasis. The Committee might decide at a later stage to set up a subsidiary body to consider those ideas and proposals.

16. Mr. JAIN (India) said that his delegation was generally in agreement with the comments that had been made on the participation of the specialized agencies and other bodies. It might be useful at the outset to hear the general comments of the Secretary-General of UNCTAD on the various aspects of the problems of raw materials and development. That would not preclude subsequent statements by him on specific points.

17. He agreed with the Chairman that the *Ad Hoc* Committee should not set up subsidiary bodies prematurely but should first hold informal consultations. Any subsidiary bodies would have to work quickly and report back to the Committee in time for it to produce a suitable document. It would perhaps be useful to have informal consultations as to the type of document which the Committee should produce, since that might determine the type of subsidiary groups to be set up and the time-table of their work.

18. The CHAIRMAN said that he would have proposals to make on the organization of work after he had consulted the other officers of the *Ad Hoc* Committee.

19. The Committee could not set a double standard; all United Nations bodies and agencies must be treated equally and if some were invited to make a general statement the others must also be given an opportunity to do so. That was why he had suggested that any general statements should be submitted to the Committee in the form of working papers. If a delegation wished to hear the comments of a particular body on a specific point, that could of course be arranged.

20. Mr. FALL (Senegal) said that the *Ad Hoc* Committee might establish two working groups. The Committee itself should examine the Declaration on the Establishment of a New International Economic Order prepared by the Group of 77 and should settle any controversial points which might arise in the working groups, either by consensus or by voting. One working group could concentrate on the international trading system, the international monetary system, the international division of labour—including the question of structural readjustments—transfer of technology, and multinational and transnational corporations. The second working group could discuss ways of assisting those countries which had recently suffered the greatest economic hardships, including ways of supplying them with the resources to be contributed by more fortunate developing countries. The second working group could also refer matters which it had been unable to discuss to other United Nations bodies, including the specialized agencies, and determine when those bodies should report back to the General Assembly.

21. The Programme of action drafted by the Group of 77 could be divided between the two working groups for consideration. The regional groups not represented in the Group of 77 might also wish to submit working papers; if so, the *Ad Hoc* Committee could decide which working group should consider them.

22. The Committee should not be rigid as far as the participation of the specialized agencies was concerned. Information would definitely have to be solicited from the heads of certain bodies in the United Nations system including the Secretary-General of UNCTAD, the Under-Secretary-General for Economic and Social Affairs and the executive heads of the International Monetary Fund and the World Bank. The Chairman should accordingly request them to appear before the Committee or its subsidiary bodies as required.

23. The CHAIRMAN drew attention to the second paragraph of A/AC.166/1, and said he trusted that, if the Committee decided to establish two working groups, facilities could be provided for one of them to meet each day.

24. Mr. HAMID (Sudan) said he fully agreed that the Committee should not hold a general debate.

25. With regard to the contribution of the specialized agencies and departments of the United Nations, it was essential to hear those which were directly or indirectly concerned with the subjects being dealt with at the special session. The presence of the new Secretary-General of UNCTAD was most welcome in that regard.

26. He agreed that the Committee should have some kind of notes synthesizing the ideas which emerged from the debate in plenary meetings of the General Assembly. The Committee should establish a subsidiary body to prepare the synthesis in co-operation with the Secretariat and the delegations concerned. The notes could be issued once or twice a week and the Committee could decide how it wished to deal with them. A working group would have to be established to deal with special questions.

27. The CHAIRMAN felt that the Secretariat could prepare the summaries of ideas which emerged from the debates in the General Assembly.

28. Mr. DIALLO (Upper Volta) observed that the special session should not become a premature regular session of the General Assembly, nor should it be used to continue discussions begun in other forums. It should seek specific objectives; indeed, the climate seemed auspicious for the solution of certain immediate problems.

29. In view of the short time available, it was essential to determine precisely what tasks any subsidiary bodies would undertake before they were established. Accordingly, the informal consultations to be held in the next few days should limit the ground to be covered.

30. With regard to the participation of the specialized agencies, it would be quite reasonable for the Committee to invite the Under-Secretary-General for Economic and Social Affairs and the Secretary-General of UNCTAD to address it

before it began its deliberations. Their statements would supplement the documents prepared by the Secretariat, which understandably, in view of the short time available for their preparation, were largely superficial. Specialized agencies concerned with the subjects being dealt with at the special session could also assist the Committee in its work.

31. Mr. QADRUD-DIN (Pakistan) agreed with the Chairman that the Committee should take advantage of the knowledge of other United Nations bodies and ask them to assist it in its discussions. However, only those bodies which were directly concerned with the matters discussed by the Committee should be asked to send representatives. One of the most important of them, of course, was UNCTAD, whose Secretary-General might be asked to make a general statement at the outset of the Committee's work. He also agreed that use should be made of the ideas and proposals that emerged from the general debate in plenary meetings of the Assembly, but he felt that the procedure for considering them should be the subject of prior consultation before the Committee took any action, for instance, to establish subsidiary bodies.

32. Mr. SEKULIĆ (Yugoslavia) stressed the need for a flexible approach to the work of the *Ad Hoc* Committee. The Committee had elected most of its officers, and working papers had been submitted by the Group of 77, so that it was ready to start its deliberations. However, the United Kingdom representative had recommended that the Committee should be supplied with more documents, giving a summary of the ideas and proposals put forward during the general debate in the Assembly. In the Yugoslav delegation's view, such documents should not be more than brief conference room papers containing concrete proposals that would be of use to the Committee in formulating its final views. It would, of course, be helpful if the Secretary-General of UNCTAD was invited to make a general statement at the opening of the substantive debate. All those points seemed easy to decide; but the Committee should not try to settle everything relating to the organization of its work at the current meeting; it should leave time for informal consultation and discussion before deciding, for instance, how many subsidiary bodies, if any, should be set up and what their tasks should be; as suggested by the representative of Senegal.

33. Mr. VERCELES (Philippines) said that the special session must be action-oriented. The *Ad Hoc* Committee had before it the two papers produced by the Group of 77, on which a great deal of time and effort had already been spent. They should therefore be discussed by the Committee itself. He saw no need to establish formal working groups for that purpose; any questions that needed more consideration than could be given to them in the Committee could be considered in informal consultations, a method that had been adopted with success by the Second Committee at the twenty-eighth session of the General Assembly.

34. While he generally agreed with the view expressed by the representative of Pakistan concerning the establishment of subsidiary bodies, he did feel that the proposals that emerged from the general debate might best be dealt with by a single working group meeting throughout the session. How the proposals were to be referred to the working

group was not really a problem; it could be done by the Secretariat or by the delegations concerned. He fully shared the Yugoslav representative's view that the Committee had everything to gain from flexibility.

35. He suggested that the officers of the Committee should consider the suggestions that had been made with regard to the organization of work and present a definite proposal at the next meeting. The Committee's thinking would also be greatly clarified if the Under-Secretary-General for Economic and Social Affairs and the Secretary-General of UNCTAD were to make general statements at the beginning of the next meeting.

36. Mr. MAKEEV (Union of Soviet Socialist Republics) said that the organizations of the United Nations system were not the only ones which might have something to contribute to the *Ad Hoc* Committee's deliberations; consideration should also be given to inviting statements, not only from the interested specialized agencies, but also from organizations representing the multitudes that were suffering from the present situation. He pointed out that organizations such as the World Federation of Trade Unions were allowed to make statements when economic and social questions were being considered by the General Assembly or the Economic and Social Council. He hoped that the officers of the Committee would bear that in mind during their discussions.

37. Mr. TARZI (Afghanistan) said that the Committee's discussions should be aimed at reaching concrete solutions for urgent problems. General statements, from whatever source, were therefore unnecessary; action should be the main consideration. Afghanistan, as one of the least developed of the land-locked developing countries, wished to make a contribution to ushering in a new era for those countries. He therefore endorsed the Senegalese representative's suggestion regarding the establishment of working groups, with the proviso that one group should devote itself exclusively to the very real problems of the land-locked countries.

38. Mr. MACKENZIE (United Kingdom) said that he strongly endorsed the views expressed by the representative of Yugoslavia. The *Ad Hoc* Committee had had a useful debate, and it was now for its officers to decide on the actual organization of the work. As to the ideas and proposals formulated during the general debate, he was opposed to the establishment of a working group to collect and present them. All that was needed was a tabulation of the important points made in the statements in plenary meetings, which could be presented to the Committee, say every two days. Such a tabulation, indicating the pages of the verbatim record on which the proposals appeared, would be easy to compile.

39. Mr. JAYAKUMAR (Singapore) agreed with the representative of the Philippines that the Committee should waste no time in beginning its work. It already had before it the two papers prepared by the Group of 77, which should form the basis of its discussion; that did not, however, exclude the possibility of its considering other suggestions and proposals. To avoid any loss of time, he urged delegations intending to submit proposals to present them in the form of working papers at the earliest possible

moment. Once those proposals were available, it would facilitate the work of the Committee if they were considered in the framework of the papers submitted by the Group of 77; in fact, an effort should be made to incorporate them in those papers, rather than present them as separate proposals.

40. Mr. HOUHOU (Algeria) welcomed the Senegalese representative's suggestions, which would give delegations and the officers of the *Ad Hoc* Committee food for thought. In the meantime, it was important to remember that the Committee was not an outgrowth of UNCTAD, but a body that was to deal with essentially political problems. What should emerge from the special session was an expression of the political will of the richer countries to break the vicious circle which held the developing countries in unjust bondage and prevented their emancipation from poverty. Nothing less than a declaration of political will to change the present system would meet the needs of the third world.

41. In his statement at the 2208th plenary meeting of the General Assembly, the President of the Revolutionary Council and of the Council of Ministers of the People's Democratic Republic of Algeria had spoken of the need for a programme to relieve the sufferings of the peoples who were the victims of the current system. Special attention must be given to that important question.

42. Mr. DRISS (Tunisia) suggested that the Secretariat should prepare working papers setting out the important proposals made in plenary meetings, which would be available to the Committee daily. Secondly, he did not think that the representatives of other United Nations bodies should be invited to make statements merely explaining their own policies; rather, they should be asked to supply information which the Committee needed and which fell within their special field of competence. They

could also submit working papers embodying any suggestions that they wished to bring to the Committee's attention.

43. The CHAIRMAN noted that there seemed to be a consensus to the effect that the officers of the Committee should consider the suggestions that had been made and submit a tentative programme of work at the next meeting. Every effort would be made to submit a written document so as to avoid wasting time on further procedural discussions. He invited the African group of countries to designate a representative to assist the officers in their deliberations, as the Rapporteur had not yet been elected.

44. Mr. FALL (Senegal) said that the African group would be meeting almost immediately to agree on a nominee, whose name could be made known for approval later in the day and who could then join the other officers in their deliberations.

45. The CHAIRMAN asked whether there were any objections to delegations being requested to submit their proposals in writing.

46. Mr. MACKENZIE (United Kingdom) said that in principle he had no objection to that suggestion, provided that the proposals were expressed as briefly as possible. He would have preferred a simple listing or tabulation, and he was entirely opposed to voluminous and detailed presentations.

47. The CHAIRMAN suggested that delegations should be requested to submit their proposals in writing as briefly as possible.

It was so decided.

The meeting rose at 12.55 p.m.

3rd meeting

Monday, 15 April 1974, at 11 a.m.

Chairman: Mr. Fereydoun HOVEYDA (Iran).

A/AC.166/SR.3

Tribute to the memory of Mr. Ismael Byne Taylor-Kamara, Permanent Representative of Sierra Leone to the United Nations

On the proposal of the Chairman, the members of the Ad Hoc Committee observed a minute of silence in tribute to the memory of Mr. Ismael Byne Taylor-Kamara, Permanent Representative of Sierra Leone to the United Nations.

1. Mr. LYNCH-SHYLLON (Sierra Leone) thanked the *Ad Hoc* Committee for its expression of sympathy, which he would convey to the Government and people of his country and to the family of Mr. Taylor-Kamara.

Election of officers (concluded)

2. Mr. LYNCH-SHYLLON (Sierra Leone) nominated Mr. Hama Arba Diallo (Upper Volta) for the office of Rapporteur.

Mr. Diallo (Upper Volta) was elected Rapporteur.

Organization of work (A/AC.166/1)

3. The CHAIRMAN said that, in the light of the discussion at the preceding meeting, the officers of the *Ad Hoc* Committee had met and had agreed to a number of

suggestions regarding the organization of work. First, there would be no general debate and no general statements. Secondly, the Committee would use the two papers circulated informally by the Group of 77, containing a Declaration on the Establishment of a New International Economic Order and a Programme of Action,¹ as the basis for its discussions. The Committee would consider first the declaration and then the programme of action. Thirdly, the Committee would establish, at the appropriate time, if possible on Wednesday, 17 April, a working party of the whole to consider any specific and concrete proposals arising out of the general debate in plenary meetings of the Assembly or submitted by delegations to the Committee. Fourthly, delegations should take full advantage of informal consultations for the clarification and negotiation of questions before the Committee. Fifthly, the Committee would invite the Under-Secretary-General for Economic and Social Affairs and the Secretary-General of the United Nations Conference on Trade and Development (UNCTAD) to make very brief statements at the beginning of the discussion. Sixthly, the specialized agencies and competent intergovernmental and non-governmental organizations might submit in writing views which were directly relevant to specific matters under consideration within their competence and participate, when requested, in the discussions on questions within their competence.

4. The Committee's officers had made every effort to reflect all the views expressed in the debate. It was understood that the papers circulated by the Group of 77, valuable as they were, were to be considered purely as a basis for discussion. The proposed working party of the whole might be given additional tasks; the Committee would decide on that point in due course. He urged delegations to proceed with the informal consultations as soon as possible; the work done in the Committee and its subsidiary bodies and in informal consultations should be considered roughly parallel. The officers were anxious that the statements envisaged in the fifth and sixth recommendations should be as succinct as possible.

5. The officers had not ignored the request for a summary of the proposals made in plenary meetings, but they had been unable to make a recommendation in favour of it, as several delegations had approached them with requests to be allowed to submit their own proposals to the *Ad Hoc* Committee in writing.

6. Mr. JAIN (India) welcomed the emphasis the Chairman had placed on parallel consultations. It would be advisable to hold those consultations early, so that there would be a substantial measure of agreement before the working party began its more formal work. He felt, however, that the working party's task should be more specifically worded, and he proposed that the third recommendation should be revised so that the working party would be required to study any specific and concrete proposals for emergency action or immediate action arising out of the general debate in plenary meetings. He also thought it unwise to restrict the Committee's work at the outset to a single document. Work and consultations should proceed simultaneously on both the papers submitted by the group of 77. Lastly, if the

working party was to meet on 17 April, he trusted that steps were being taken to see that all the necessary facilities were available to it.

7. The CHAIRMAN agreed that the working party should take up all urgent proposals.

8. Mr. ROUGE (France) agreed with the Indian representative's remarks about the third recommendation. As to the summary of proposals mentioned by the Chairman, his delegation hoped that the Secretariat would be able to prepare it. That need not prevent delegations from drafting their own proposals and transmitting them to the Secretariat to facilitate its work, as the French delegation was now doing.

9. The fact that the *Ad Hoc* Committee might decide to set up a working party immediately was no obstacle to its establishing others to consider proposals that were urgent or were foci of special attention.

10. The Programme of Action would have to be amended in the light of the work done by the working party. Other points could be dealt with by separate working parties.

11. Mr. LALOUX (Belgium) said that he strongly endorsed the French representative's suggestion regarding working parties, with the proviso that, in order to be considered, proposals should both be urgent and be foci of special attention. He agreed with the representative of India that consultations on proposals should begin before the proposals were to be discussed in a working party.

12. The CHAIRMAN reminded the Committee that, although it might wish to establish several working parties, no more than two bodies could hold meetings at the same time, owing to the lack of facilities. However, he welcomed the French representative's suggestions. Delegations could certainly assist the Secretariat by submitting their proposals in writing; he trusted that, if they did so, they would avoid formulating them in a way that might give rise to controversy.

13. Mr. TARZI (Afghanistan) asked whether any subsidiary bodies to be set up would include a working group on the special problems of the least developed, land-locked countries, problems which were of such a pressing nature that they should be given special attention.

14. Mr. MEHDI (Pakistan) expressed the fear that, if different questions were referred to different groups, the Committee's work might become compartmentalized. He trusted that all the proposals submitted to the working party of the whole would relate to the Programme of Action and would thus have some cohesion. He supported the suggestion that informal consultations should be held as soon as possible, before the proposals were submitted to the working party.

15. The CHAIRMAN said the fact that all the subsidiary bodies would be reporting to the *Ad Hoc* Committee precluded the possibility of lack of cohesion.

16. Mr. AL-CHALABI (Iraq) said the two papers submitted by the Group of 77 covered so wide a range of

¹ Later reissued as Conference Room Papers Nos. 1 and 2 respectively.

subjects that it might be better if the *Ad Hoc* Committee took up each separate subject in turn, rather than going through the text of the papers themselves.

17. The CHAIRMAN appealed to members not to reopen the discussion on the organization of work. He urged the *Ad Hoc* Committee to approve the officers' suggestions; they could always be modified if necessary.

18. Mr. VERCELES (Philippines) supported the suggestions made by the officers of the *Ad Hoc* Committee concerning the organization of work. He thought that the proposals made so far by delegations were implicit in those suggestions. The proposed working party of the whole should be the only official working party of the Committee; there could, of course, be *informal working parties*. He proposed that the Committee should approve the suggestions made by its officers on the understanding that its approach would remain flexible.

19. Mr. MACKENZIE (United Kingdom) supported the proposal made by the representative of the Philippines; the Committee should begin by hearing the statements of the Under-Secretary-General for Economic and Social Affairs and the Secretary-General of UNCTAD and then go on to discuss the declaration. He was glad that the Committee was not to take a decision at the current meeting concerning the establishment of a working party of the whole. The matter should first be discussed in informal consultations; his delegation would like to know, for example, what would be the relationship between the *Ad Hoc* Committee of the Sixth Special Session and the *ad hoc* committee referred to by the representative of Iran in paragraph 7 of the annex to document A/9548. He hoped that the suggestion that the specialized agencies and other bodies might participate in the Committee's work "when requested" would not limit their established right to participate in the debates of United Nations committees.

20. The CHAIRMAN assured the Committee that the suggestions concerning the organization of work did contain an element of flexibility; it would be possible to make changes at a later stage.

21. Mr. TARZI (Afghanistan) said he hoped that flexibility would not mean that the interests of the least developed countries were lost in a jungle of generalizations.

22. Mr. TREU (Austria) endorsed the views expressed by the representatives of Belgium, the Philippines, and the United Kingdom. His delegation supported the suggestions made by the officers of the Committee. It would certainly be useful at the outset to hear the statements of the Under-Secretary-General for Economic and Social Affairs and the Secretary-General of UNCTAD; the Committee might wish to adjust the organization of its work in the light of those statements.

23. The CHAIRMAN said that, if there was no objection, he would take it that the *Ad Hoc* Committee approved the suggestions made by its officers concerning the organization of work.

It was so decided.

AGENDA ITEM 7

Study of the problems of raw materials and development (A/9544 and Add.1 and Add.1/Corr.1 and Add.2, A/9545, A/9546, A/9548)

24. Mr. DE SEYNES (Under-Secretary-General for Economic and Social Affairs) said that the special session had been convened to deal with old and new problems. The old problems were all those which had been defined in the *International Development Strategy for the Second United Nations Development Decade* (General Assembly resolution 2626 (XXV)). The new problems were derived both from the exceptional economic situation and from certain abrupt changes in important development parameters which required major adjustments.

25. The *International Development Strategy* was pertinent to both types of problems. It represented a model of coherence, which was all the more essential when changes occurred. It also represented an evolutionary model, which would have had to be revised in the light of new concepts of development and which would be revised in any case in the light of the important developments that had occurred. Of course, the Strategy could not of itself produce the political will necessary to tackle the unfinished tasks and to undertake the urgent new measures that were required. However, the political situation had changed somewhat and there had been a certain redistribution of economic power in the world. That redistribution had occurred at a time when the idea of the solidarity of the third world as a whole had begun to grow since the Conference of Foreign Ministers of Non-Aligned Countries, held at Georgetown, Guyana, from 8 to 12 August 1972, and the Fourth Conference of Heads of State or Government of Non-Aligned Countries, held at Algiers from 5 to 9 September 1973. The economic situation was also somewhat new. For the first time since the war periods of strong demand throughout the world had coincided and the productive apparatus had been subjected to considerable pressures. There had also been fairly important changes in the prices of certain products, especially of such essential ones as food and energy resources.

26. Those changes had had different effects depending on the countries which experienced them. There was an urgent need to help the countries which were short of energy resources and of food products and there was also the very real problem of the responsibility of the industrial countries. While such countries could probably make the necessary adjustments in their productive apparatus within a reasonable period, the problems of their external accounts were considerable and might lead them to unwise measures, which could generate depressive world trends more serious for income from exports of the developing countries than the rise in import prices they were now facing. In the present circumstances, certain countries enjoyed certain advantages. There was no reason to contest those advantages in the world of sovereign and independent nations. However, in an international community, aware of its interdependence, there were certain rules of good-neighbourliness, which had already been outlined in the initial statements made during the current session of the General Assembly. The solution could not be found in a mere transfer of responsibilities, but rather in a larger measure of

co-operation. The current Assembly should not set too much store by aggregates and averages, because the economic fate of each of the countries of the international community was at stake.

27. In the case of primary commodities, the objective remained the same: stable, remunerative and equitable prices. The economic context had changed and might become even more diversified. There were shortages and dislocations and the concept of "limits" and "depletion" had emerged in the case of non-renewable resources. There had also emerged the idea of security stocks for a certain number of products, especially food-stuffs. Because of that, it would perhaps be easier in the current crisis to revive the idea of "buffer stocks". There was the problem of equitable commodity allocations, at the international level, in times of crisis, and the problem of avoiding unilateral measures for the restriction of exports. Allocation might be based on a process of concerted action or on the establishment of emergency funds whereby available supplies would be channelled to the places where they were most needed. At the same time, current stabilization agreements were insufficient and must be accompanied by measures to build up resources which the market forces would not bring about automatically.

28. It would obviously be useful if the world were better informed about the policies of conservation being followed by the various States. Naturally, each State was empowered to decide upon the rate of extraction of non-renewable resources in the light of its own political considerations. It did so on the basis of certain economic calculations and certain rules of good-neighbourliness. With regard to renewable resources, it seemed likely that the approaches discussed so far would be inadequate. At the 2209th plenary meeting, the French Minister for Foreign Affairs had put forward a new idea: that of establishing reference prices by means of certain machinery. If that proved feasible, it would constitute a considerable advance in international co-operation.

29. The international payments situation was dominated by inflation. Inflation itself had to be fought on several fronts. The coincidence of cycles of high demand, which had been the main cause of inflation in recent months, appeared to have ended. The danger would be rather one of excessive deceleration, or what had been called "stagflation". Obviously, it was necessary to seek the resorption of shortages through increases in supplies and to avoid currency speculation on commodities as a hedge against economic instability. It seemed generally agreed that currencies should continue to float, a system which appeared to produce more stability than had formerly existed. However, it was doubtful whether it produced enough stability for countries whose livelihood depended on trade in primary commodities and which dealt in certain specific currencies subject to fluctuations. Accordingly, one of the most urgent measures of currency reform would be to define the special drawing rights on the basis of a basket of different international monetary units and to begin to denominate contracts in the new *numéraire*. That would bring about more stability for producers of primary commodities. The question of a link between reserves and development should not be forgotten, especially as it was currently presented in a context where creation of reserves

was less important. Finally, urgent consideration would have to be given to emergency aid and too much time should not be spent in discussing whether such aid should be in cash or in kind, and how it should be channelled.

30. In the field of science and technology the programmes of each country should be reviewed in the light of economic changes. In that connexion he drew attention to the studies which the Advisory Committee on the Application of Science and Technology to Development was making to develop energy complexes for small rural units in the developing countries. In the larger-scale projects for natural resources exploration, the sums involved were so large that some concerted action must be taken within a system of interdependence, so as to avoid wastages.

31. As for the role of the General Assembly, it would probably establish a frame of reference both for the unfinished tasks and for the new measures. It would also issue directives. The concerted action that he had mentioned must necessarily imply the convening of smaller groups. Concerted action was necessary not only in investments and technology but also in the adjustment of the balance of payments of the industrial countries and in the elaboration of an agreed plan which took into account the different measures adopted by the different countries. The necessary adjustments must be made to meet the food shortages of the most affected countries and nobody knew how long they would exist.

32. It was correct to state that the rules of the game had completely changed. It was important to follow the situation day by day and to develop a certain capacity to foresee medium-term and short-term needs. In that context, thought should be given to the role of the Economic and Social Council as a monitoring organ capable of following current trends, undertaking long-term forecasts and proposing concerted action. If that role was to be fulfilled, certain reforms would probably be discussed. Such reforms would require the services of the Secretariat to be strengthened.

33. It must be admitted that the Secretariat was very poorly equipped to furnish Member Governments and intergovernmental organs with the information and analyses they needed to decide upon immediate action in a changing situation or to foresee long-term tendencies. Consequently, he felt that the proposal for an economic "observatory" made by the French Minister for Foreign Affairs at the 2209th plenary meeting was highly pertinent in the present situation.

34. Mr. COREA (Secretary-General, United Nations Conference on Trade and Development) said that he would make available to members of the Committee a note² dealing in greater depth with some of the issues before the Assembly at its special session.

35. Even before the recent increase in the price of oil and other commodities the world economy had been subject to severe stresses and strains. The international monetary system had already been shaken, inflation had been growing rapidly from year to year, and the international economic

² Documents UNCTAD/OSG/52 and Add.1.

system had failed for over two decades to transmit to the developing countries the remarkable expansion that had occurred in the developed countries. At the heart of that failure lay the deterioration in the terms of trade of the developing countries. By 1972, the terms of trade of the non-oil-exporting developing countries had deteriorated by about 15 per cent compared with the mid 1950s. Despite the upturn in commodity prices in 1973, the terms of trade of those countries remained less favourable than they had been two decades earlier.

36. Recent increases in the prices of essential imports had created immediate payments difficulties for many countries, both developed and developing. Although the increased payments necessitated by oil imports represented only a small proportion of the gross national product of the developed market-economy countries, those countries faced problems in the field of external payments for which appropriate solutions had to be found. Without such solutions they might well resort to such measures as the competitive depreciation of their currencies, the imposition of trade restrictions and other actions of a contractive nature.

37. The problem was more fundamental and serious for the developing countries, especially since the existing international machinery was largely inadequate for their needs. In recent years all developing countries had experienced a sharp and continued increase in the price of their essential imports, including not only manufactured goods whose prices had been increasing rapidly in the wake of the inflationary process generated in the industrialized countries, but also food, oil and other primary products. The total increase for the former two categories, \$9.5 thousand million, was greater than the probable increase in the net cost of petroleum imports to that group of countries in 1974—estimated at around \$7.5 thousand million to \$8 thousand million. It was true that those developing countries which had benefited from the recent increases in the prices of commodities had been able in varying degrees to cushion themselves against the impact of the increases in prices of their imports. However, complacency on that score would be ill-advised. Apart from the case of oil and certain other non-renewable resources in respect of which the price situation might remain strong, there had been no change in basic mechanisms and no new arrangements to ensure that the upsurge in commodity prices would endure. Rather, the commodity boom was largely a reflection of forces which might well prove short-lived, such as high rates of over-all growth in the industrialized countries in recent years, shortfalls in crops owing to climatic factors, and also, perhaps, speculation in commodities as a hedge against inflation and currency depreciation. In fact, there were already signs of a slackening of the tempo of expansion in the developed countries.

38. It was also important to remember that—as the note to which he had referred indicated—the main beneficiaries of the commodity boom had been the developed countries themselves. For developed market economies, increases in export earnings attributable to primary products other than petroleum in 1973 was \$29 thousand million, nearly three times as high as the corresponding increase of \$11 thousand million in the commodity exports of the developing countries.

39. Furthermore, many developing countries, including some of the largest and poorest, had not benefited appreciably from the recent improvement in commodity prices. The commodity boom had bypassed such products as bananas, citrus fruits, iron ore, jute, tea and tungsten, with severe consequences for the countries that were heavily dependent on them. Faced with increased import prices superimposed on depleted external reserves, on high debt-service burdens and on markedly reduced imports, those countries had little margin left for a further decrease in their imports and faced the threat not merely of a slackening of growth and development, but of dislocation in even the normal working of their economies and a serious deterioration in levels of food consumption that were already low.

40. In that situation, there was a compelling need for solutions on at least two fronts. Whereas attention had been focused in the past on the need for compensatory arrangements to help countries to meet shortfalls in their export earnings, in the current situation there was also a need for arrangements to help countries to cope with an increase in their import outlays. Some possible courses of action were referred to in the note he had prepared. They included bilateral arrangements such as dual price systems, rebates, loans or deferred payments; multilateral arrangements, using the existing machinery of international financing institutions, and further international initiatives which would specifically benefit the developing countries—for example, emergency facilities to provide rapid balance-of-payments relief in the form of grants or soft loans. It was encouraging to note the intention of the oil exporters, themselves developing countries, to assist in that process.

41. Whatever the solutions finally adopted, they must, when taken together, satisfy at least three basic conditions. First, the amount of relief provided must be broadly commensurate with the magnitude of the problem. Secondly, the terms on which relief was granted must be of a kind that would not create serious problems in the future for the recipient countries by adding to debt-service burdens that were already heavy. Thirdly, it was necessary to ensure that arrangements were adequate in terms of timing, since for many countries the problem was an immediate one.

42. It was also important to ensure that the financing criteria established took account not only of the increased cost of essential imports, but also of such other elements as the growth in export earnings of individual developing countries and their net monetary reserves, taking into account their foreign indebtedness. Furthermore, it would be only natural to expect that contributions to the new facilities would be made by those developed countries and oil-exporting countries that were in a position to do so. The flow of official development assistance should also be increased, and in the case of certain developing countries agreements should be entered into to reschedule, and when appropriate even to write off, their debt-service burdens. Indeed, such action would provide support for the bilateral and multilateral efforts needed to extend short-term financial support to developing countries.

43. A new factor of a longer-term character which must be taken into account was the accumulation of external assets

by some oil-exporting countries. Those assets were derived from the depletion of finite resources and must be invested in a manner consistent with the interests of future generations in the oil-producing countries. Special efforts should be made by the entire international community to devise new techniques of lending to channel part of those funds, directly or indirectly, into the developing countries.

44. Action to provide financial assistance to developing countries was only one side of the coin, however. The problem of rising import payments could not be met by emergency support alone. The more basic solution would be to enable countries to cope with that problem through higher export earnings, from manufactures as well as commodities. Action was called for in a number of areas where the political will had thus far been lacking. In the context of the special session on raw materials, he wished to dwell in particular on the problems of commodities and primary products.

45. Primary products still accounted for by far the greater part of the exports of the developing countries. Action thus far taken—including the conclusion of commodity agreements, which had been few in number—by the international community to cope with the relevant problems had clearly failed to produce adequate results in that area, which remained a major element of weakness in the international economic system.

46. A new impetus in that field would surely be timely, and it was encouraging to note the new awareness of the need for action being shown at the special session by developed and developing countries alike. Perhaps more than ever before, there was a greater awareness of the convergence of interests of producing and consuming countries. The consuming countries were concerned perhaps more than in the past with the need for assured supplies of several products and for an orderly price situation, while producers were concerned with the need for strengthened earnings and assured markets. Both were concerned with the problem of the depletion of non-renewable resources and with their rational exploitation.

47. A more comprehensive approach to commodity problems than had been taken in the past must be worked out as part of the new concentration of political attention and a new thrust for an action programme in the field of raw materials and commodities. Although arrangements for specific commodities would still be needed, they could be established within a broader framework of principles and approaches that were firmly secured by a political will on the part of the international community to achieve results. The broader approach to commodity problems could also encompass, where appropriate, arrangements for buffer stocks, which were based not on one but on several commodities supported, for example, by a central fund. The new approach, even in the case of a single commodity, should also be more multidimensional than in the past, so that it would not only include the traditional stabilization function based on export quotas and buffer stocks but would also provide for other features, such as measures in the field of marketing, distribution and promotion, the greater use of long-term contracts, both bilateral and multilateral, the assurance of adequate supplies, the linking of prices of commodities to the prices of manufactured goods, and the greater co-ordination of policies by the

producing countries with a view to stabilizing and improving their earnings. Finance for diversification, for new investments and for the processing of products in the producing countries could also be elements of a multidimensional approach. Furthermore, to the extent that those arrangements did not suffice to improve prices and earnings, or the commodities concerned were not amenable to buffer stock and export quota measures, there would also be scope for short-term and long-term arrangements for compensatory financing to help to meet unforeseen shortfalls. Indeed, if a proper system of compensatory financing aimed at safeguarding development plans against disruptive and adverse changes in terms of trade had been in existence, some current problems might have been considerably alleviated.

48. Measures of the kind he had outlined would not suffice by themselves. The world food problem required priority attention. Arrangements were needed for closer co-operation among Governments in the transfer of technology and in ensuring greater control by developing countries over the use of their natural resources. The activities of multinational corporations must be made consistent with the development objectives of developing countries. The concept of the development of international economic relations on a just and equitable basis must be embodied in the Charter of Economic Rights and Duties of States (see resolution 3082 (XXVIII)). Those and other issues mentioned in his note might be dealt with in a comprehensive restructuring of the international trade, monetary and financial systems.

49. The special session provided a new opportunity to set in motion the action needed to bring about the changes that must be made in the international economic order. The goal must be a new dynamic equilibrium, a stable and viable system which would tap the full growth potential of all Member States and utilize the interdependence of economies—developed market economy countries, socialist countries and developing countries—to generate additional benefits for all, and a new partnership based on mutual respect.

CONSIDERATION OF THE DRAFT DECLARATION ON THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER

50. The CHAIRMAN invited the *Ad Hoc* Committee to begin consideration of the draft Declaration on the Establishment of a New International Economic Order contained in the working paper prepared by the Group of 77,³ starting with the preamble.

51. Mr. OLIVERI LOPEZ (Argentina) said that the emphasis should be on the need to establish a new international economic order. Accordingly, he proposed that what should be proclaimed in the preamble was the urgency of working for the establishment of a new international economic order and the determination to work for that goal would then be expressed at the end of the preamble. He also proposed the wording “based on the interdependence of and just relations among all States in all spheres”, since it was unrealistic to refer to the “common interests” of all States.

³ Later reissued as Conference Room Paper No. 1.

52. Mr. HAMID (Sudan) supported the first Argentine proposal. He also suggested that the words "for the first time" should be placed after, and not before, the words "to study".
53. Mr. VAN GORKOM (Netherlands) said that the working paper prepared by the Group of 77 provided an excellent basis for discussion. The preamble was entirely acceptable to his delegation, which believed that existing international economic relations must be restructured. He also agreed that reference should be made to the element of urgency somewhere in the preamble.
54. Mr. MVOGO-ENAMA (United Republic of Cameroon) and Mr. VIERA (Cuba) supported the amendments proposed by the representative of Argentina.
55. Mr. ROUGE (France), referring to the second Argentine amendment, suggested that reference might be made both to the common interests of all States—which in fact justified the convening of the special session—and to the need for just relations among them.
56. Mr. LALOUX (Belgium) proposed that the word "guarantee", which had legal implications, should be replaced by the word "ensure".
57. Mr. AKSOY (Turkey) said that the principles embodied in the draft declaration were pertinent. His delegation supported the amendments proposed by the representatives of Argentina and the Sudan.
58. Mr. MÜLLER-THUNS (Federal Republic of Germany) said that the objective was further to improve the existing multilateral economic system so that it could more efficiently fulfil the aims mentioned in the draft Declaration and in statements made in the *Ad Hoc* Committee and the General Assembly. Accordingly, it would be more appropriate to refer to the establishment of a "renewed" international economic order.
59. He supported the first Argentine amendment and endorsed the remarks of the representative of France.
60. Mr. KHALIL (Egypt) said that the points raised by the representative of Argentina were very valid. He proposed that the words "rectification of the existing international economic structure" should be inserted before the word "interdependence". The common interests of all States would be respected, provided that the requisite restructuring occurred.
61. Mr. NESTERENKO (Union of Soviet Socialist Republics) said that it was necessary to strive for an improved, and not simply a new, international economic order. Accordingly, he proposed that the words "of a new international economic order" in the title of the draft declaration and in the eighth line of the preamble should be replaced by the words: "and maintenance of a just and equitable international economic order".
62. Secondly, he proposed that a text along the following lines should be inserted after the words "economic advancement and social progress": "and desiring to promote further improvement in the international situation and the establishment of equitable and mutually advantageous economic, trade, scientific and technological co-operation among all countries of the world, irrespective of their social or economic system or level of development".
63. Lastly, the following text should be inserted after the word "spheres": "in accordance with the principles of the peaceful coexistence of States".
64. Mr. FALL (Senegal) said that he would state his full position on the USSR proposals at a later meeting. He was entirely opposed to all three amendments, which affected the substance of the preamble.
65. Mr. DRISS (Tunisia) said he trusted that all the proposals that had been put forward would appear in writing.
66. Mr. NESTERENKO (Union of Soviet Socialist Republics) agreed that amendments could not be discussed in the absence of a text.
67. The CHAIRMAN urged delegations that had proposed amendments to submit them in writing to the Rapporteur, who would endeavour to produce a revised text of the preamble.
68. Mr. DIALLO (Upper Volta), Rapporteur, said that the most practical solution would be for the Secretariat to prepare a document setting out the alternative texts.
69. The CHAIRMAN said that that would take too long. He suggested that all the proposals should be put in writing before the next meeting, when the Committee would decide how to proceed.

It was so decided.

The meeting rose at 1.15 p.m.

4th meeting

Monday, 15 April 1974, at 3.45 p.m.

Chairman: Mr. Fereydoun HOVEYDA (Iran).

A/AC.166/SR.4

AGENDA ITEM 7

Study of the problems of raw materials and development
(*continued*) (A/9544 and Add.1 and Add.1/Corr.1 and Add.2, A/9545, A/9546, A/9548; Conference Room Papers Nos. 1 and 2)

CONSIDERATION OF THE DRAFT DECLARATION ON THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER (*continued*)

1. Mr. AKRAM (Pakistan), introducing some amendments to the preamble to the draft Declaration on the Establishment of a New International Economic Order, suggested that the words “and pressing” should be added after the words “the most important”. Furthermore, in order for the wording to be more in line with that of the United Nations Charter, he suggested amending it to read “economic advancement and social progress of all peoples”. Thirdly, he proposed that the title of the draft Declaration be amended to read as follows: “The establishment of a new, rational and equitable economic order”. Finally, he suggested that the words “shall guarantee” should be replaced by the words “shall remove the centuries-old and widening gap between developing countries and guarantee”.

2. Mr. ZACHMANN (German Democratic Republic) unreservedly supported the oral amendments proposed by the Soviet delegation at the preceding meeting; by emphasizing the concepts of justice and equity, they would permit the creation of conditions suitable for the establishment and maintenance of a new international economic order.

3. Mr. VERCELES (Philippines), commenting on the amendments submitted orally by various delegations, said that the Sudanese proposal, to change the position of the words “for the first time” was acceptable to his delegation.

4. The amendments of two delegations, those of Argentina and Pakistan, were intended to emphasize the urgent nature of the problem but they did not deal with the same sentence. In his opinion, it was not so much the urgency of the problems which should be emphasized as the establishment of a new international economic order. Perhaps the two proposals could be reconciled by adding the word “urgently” after the words “to work”.

5. He had no objection to replacing the word “guarantee” by the word “ensure” as suggested by the Belgian delegation.

6. His delegation would have no fundamental objections to the amendments submitted by the Soviet delegation, but it felt that they would be better placed in paragraph 3 of the draft Declaration, concerning the principles, rather than in the preamble, which should be concise and balanced and

should read well. It would not be advisable to attempt to include too many ideas in the preamble.

7. With regard to the amendments designed to introduce the concept of equity in the title, a reading of the text would suffice to verify that the new international economic order sought must be based on equity. Furthermore, the word “equitable” was expressly mentioned in the preamble. If that was not satisfactory to some delegations, perhaps mention could be made of the establishment of a new international economic order “based on equity, the interdependence and common interests of all States”. In that case, the word “equitable” later on in the paragraph could be replaced by the word “rational”, a term proposed by the Pakistan delegation.

8. He emphasized that, like the text as a whole, the preamble had been put into final form and submitted to the *Ad Hoc* Committee in a spirit of compromise and goodwill, and he hoped that the Committee would receive it in the same spirit.

9. Mr. CAVAGLIERI (Italy) supported the amendments designed to stress the concept of urgency; he also supported the Pakistan amendment for the addition of the words “of all peoples” after the words “economic advancement and social progress” and he found the Pakistan delegation’s suggestion regarding the wording of the title to be extremely useful.

10. On the other hand, the final Pakistan amendment concerning the gap between the developed and developing countries was perhaps unnecessary, since that idea was expressed in the body of the draft Declaration.

11. His delegation believed that the words “common interests”, which some delegations had suggested should be deleted, should be retained because all States were in fact interested in the establishment of a new international economic order. Indeed, a new idea, which had emerged from the statements made in the plenary, should be added: that of co-operation among all States.

12. Mr. RAJAONARIVELO (Madagascar) supported the Argentine amendment aimed at emphasizing the urgency of the task to be accomplished. On the other hand, the amendment of the Federal Republic of Germany to replace the word “new” by the word “renewed”, left him puzzled: the idea of renewal could imply the perpetuation of past errors, while the word “new” contemplated the replacement of current structures.

13. With respect to the amendments submitted by the Soviet delegation, he believed that political concepts, which would make the adoption by consensus difficult, should not be introduced into the text.

14. Mr. MACKENZIE (United Kingdom) said that his delegation was prepared to accept the entire preamble of the draft Declaration as it stood; that was an indication of its desire to reach a consensus. Of course, it was ready to consider favourably the amendments intended to emphasize what, in his opinion, was the fundamental concept of the draft Declaration, namely, the idea of the interdependence of States. Similarly, paragraph 2 of the draft was on the whole acceptable to his delegation.

15. On the other hand, some passages in paragraph 1 appeared to him more questionable. For example, the sentence which began with the words "However, the remaining vestiges of alien domination . . ." was perhaps a somewhat excessive assertion. In any event, the draft Declaration should be forward-looking, not backward-looking. Furthermore, his delegation regretted that mention had been made of "a series of grave crises" without attempting to define them. In that connexion, he recalled a resolution, adopted some days before by the Economic Commission for Asia and the Far East (ECAFE) on the same subject,¹ which dealt with the causes and origins of the present situation in a much more frank and realistic manner.

16. In the light of those reservations, his delegation proposed to submit amendments to paragraph 1 of the draft Declaration at a later date.

17. Mr. NESTERENKO (Union of Soviet Socialist Republics) said that, on the whole, his delegation supported the idea of protesting against the existing inequities in the world, since that idea emerged from the text; it also supported the struggle by the developing countries to achieve the objectives set out in the text. It was precisely its regard for the quality of the document submitted to the *Ad Hoc* Committee, contrary to what some seemed to believe, which had prompted his delegation to submit amendments. It had even limited, as far as possible, the number of amendments but it had to stress that the concept of interdependence seemed to be too ambiguous and did not truly reflect the reality of the relationships between nations. The interdependence of a rider and his mount, for example, hardly seemed to be a suitable objective.

18. The representative of the Philippines had asserted that the preamble should be balanced and concise while retaining some flexibility. It was precisely for that reason that his delegation had submitted its amendments. If the text were indeed to be balanced, it must reflect the position of all groups of countries; the Soviet amendments were also intended to make the text more flexible. Of course, conciseness was indispensable, but not at the risk of ambiguity. Thus, the words "new international economic order" were not sufficiently precise and his delegation could hardly see why there was opposition to its being stated that that order should be "just and equitable".

19. Some had asserted that the Soviet proposals added a political element to the draft Declaration. He agreed: there could in fact be no economic progress without an improve-

ment of the international situation and without the establishment of just and equitable co-operation. That was an obvious fact to which no one could be reasonably opposed; the very fact that States had met in a special session of the General Assembly was the result of international détente and the efforts of peace-loving countries. Furthermore, it should be emphasized that co-operation must exist between all countries without exception, failing which it would be pointless to speak of co-operation. Finally, it was strange that some were opposed to introducing into the text the idea of "peaceful coexistence", a principle which served to bring about peace among all peoples.

20. His delegation emphasized that the text should reflect the interests of all countries if it were not to be a mere diplomatic declaration, but rather, an international instrument truly governing relations among countries. The amendments by the Soviet delegation stemmed therefore from its desire to draft a well-balanced document from which all countries could draw inspiration.

21. Mr. GOWA (Uganda) observed that the amendments proposed were, on the whole, intended solely to change the emphasis in the sentences. Thus, since the concepts of equity and justice were already in the text, it did not really matter whether they were in the title or in the body of the preamble. In any event, before taking a position, he would wait to see the amendments in writing, but he emphasized the urgency of the problems to be solved.

22. Mr. CHADHA (India) thought that it was not sufficient to suggest in the preamble that the Members of the United Nations had met simply in order to consider the problems in question. They would also have to attempt to find solutions to them. To that end he proposed that the words "consideration of" should be replaced by the expression "search for solutions to".

23. His delegation, too, thought that the pressing nature of the establishment of a new international economic order should be emphasized, and it therefore supported the amendment proposed by the delegation of Pakistan. It would be well to reiterate that concept by inserting, for example, the expression "with a sense of urgency" after the word "work" in the preamble.

24. Some suggestions had been made regarding the title "The establishment of a new international economic order". To be striking, a title must be as short as possible. The concepts that some would like to include in the title emerged clearly in the rest of the draft Declaration, and his delegation thought that it would be inappropriate to change the title.

25. Mr. BENNANI (Morocco) said, with reference to the first amendment submitted by the delegation of Argentina at the previous meeting, that the convening of a special session implicitly showed that Member States recognized the pressing nature of the problem for consideration. None the less, he suggested that the word "urgent" should be inserted before the word "establishment" in the title. His delegation was able to accept the Pakistan amendment to insert the words "rational and equitable" in the title. It was also ready to agree to the second Argentine amendment or,

¹ Official Records of the Economic and Social Council, Fifty-seventh Session, Supplement No. 5 (E/5469), part III, resolution 140 (XXX).

if it was not accepted by other members of the Group of 77, the amendment proposed by France at the preceding meeting, which reconciled the two concepts of justice in international relations and of common interests.

26. He preferred to wait until the other amendments had been submitted in writing before commenting on them.

27. Mr. SHEMIRANI (Iran) said that his delegation was satisfied with the text of the preamble as it stood. However, the amendments proposed by the delegations of the Sudan and Pakistan would improve the text. His delegation also accepted the Indian amendment to replace the word "consideration" by the words "search for solutions to", and the proposal of the delegation of Pakistan that the words "of all peoples" should be inserted after the word "progress" in the preamble. With regard to the Pakistan proposal for the wording "a rational and equitable international economic order", he pointed out that the Group of 77, had considered several possibilities and decided that it would be preferable not to define from the outset the new economic order sought, since the latter would be attained after lengthy discussions, the outcome of which could not yet be foreseen.

28. His delegation also agreed with the amendment proposed by the Belgian delegation at the previous meeting, and the second Indian proposal. It would comment on the other amendments when they were submitted in writing.

29. Mr. AL-CHALABI (Iraq) supported the current text of the preamble and the amendments designed to stress the pressing nature of the work of the Committee. However, he could not support the Belgian proposal to replace the word "guarantee" by "ensure", since in his opinion it should be a commitment entered into by all countries.

30. The aim of paragraph 1 was to define the new international economic order which must be established. He thought that it would be better to denounce the weaknesses of the existing order: for example, the fact that 70 per cent of the world's population accounted for only 30 per cent of the world's income; the unjust nature of the terms of trade; the restrictive trade policies adopted by the developed countries; inflation and monopolies. In short, it would be well to state why the existing economic order must be changed. Similarly, in the second part of paragraph 1, the problems should be defined. In particular, the fact should be stressed that, despite the progress made by the developing countries, they still had no power within the international organizations.

31. He therefore proposed that, after the third sentence of paragraph 1, the current problems should be described and the reasons for their continued aggravation explained; and, in the second part of the paragraph, that the concept of participation should be made clear, with details of what should be done to promote it.

32. Mr. OGISO (Japan) said that he would like to see the concept of co-operation included in the preamble, and proposed that after the words "establishment of a new international economic order" the phrase "for the promotion of international economic co-operation" should be inserted, since the draft Declaration under consideration by

the Committee would be the basis for all future economic co-operation, and that point should be made clear.

33. The penultimate sentence of the first part of paragraph 1 was not satisfactory, in his delegation's opinion, since it was too categorical in its condemnation of the existing order; it would therefore like that sentence to be deleted. The following sentence was also negative in character. His delegation proposed that it should be replaced as follows: "The gap between developed and developing countries continues to widen. In order to close the gap, the strengthening of international co-operation and the promotion of just and equitable economic relations are required."

34. Mr. CHOU Nan (China) said that, through the draft Declaration, the Group of 77 was making a major contribution to the work of the special session. In general, the document was satisfactory, since it expressed the common, pressing aspirations of the third world as a whole. The principles laid down seemed to be just, although at times not forcefully expressed, and there was some repetition and ambiguity in the preamble. None the less, his delegation was convinced that, through unofficial consultations, the Committee would be able to agree on a more satisfactory text.

35. He shared the view expressed by the delegations of Argentina and the Sudan at the preceding meeting and by Pakistan at the current meeting that the urgency of the task should be made clear in the preamble.

36. The *Ad Hoc* Committee had met to study a specific item on the agenda: the problems of raw materials and development, and that was the question which should be covered by the draft Declaration. The representative of the Soviet Union, for his own political reasons, was insisting that concepts completely foreign to the matter in hand should be incorporated into the text. His delegation entirely supported the reaction of the delegations of Senegal and Madagascar on that point.

37. Just prior to the special session, the co-ordination committee of the Group of 77 had adopted a resolution asserting that the old international economic order based on exploitation and inequality should be replaced by a new objective: valid and just economic order. The Soviet delegation, by seeking to eliminate that idea, was in effect saying that the old international economic order should be maintained. His delegation considered that an untenable position.

38. Moreover, the representative of the Soviet Union insisted that the document should include references to the détente and the improvement in the international situation. There was ground for wondering about the significance of that détente, which was at the least a controversial and political topic.

39. Finally, where the document discussed relations between developed and developing countries, the Soviet delegation wished the matter of differences between economic systems to be mentioned; that was another question bearing no relation to the special session. If the Soviet delegation pressed its proposals, it would merely uselessly

prolong the discussion and impede the progress of work, something his delegation could not accept.

40. Mr. ARMENDARIZ (Mexico) supported the proposals made by the Argentine delegation at the previous meeting. While supporting the Indian proposals, he thought they could be added to the text of the preamble as it stood, which would give the following: "devoted to the consideration of the most important economic problems facing the world community, and the search for solutions to them". His delegation was in complete agreement with those delegations which thought that the pressing nature of the establishment of a new international economic order must be more clearly expressed, and it therefore supported the pertinent Indian and Pakistan proposals.

41. His delegation found the phrase "united determination to work for" in the preamble somewhat unsatisfactory and would prefer that it be replaced by the expression "our determination to work together for".

42. He shared the view of the representative of Italy that the new order must reflect the common interests of all States, a concept which, at the previous meeting, had seemed to trouble the representative of Argentina, who had interpreted that as meaning that some elements of the existing order should be maintained. In fact, the sponsors of the draft Declaration meant that, in establishing the new order, States should ensure that it reflected their common interests. In order to satisfy both the Argentine delegation and those delegations who wished to maintain the concept of common interests in the text, he proposed that the words "to take into account the common interests of all States" should be inserted after the words "interdependence and".

43. His delegation agreed with the Indian delegation that the title "The establishment of a new international economic order" should be as short as possible. A title should not contain all the elements which appeared in the rest of the text.

44. Mr. TARZI (Afghanistan) shared the view of the representative of India that a more positive turn of phrase should be used in the preamble, stating that a solution to the problems facing the world community should be sought. However, in view of the pressing nature of the task, it would be appropriate to use the term "immediate solutions". He shared the opinion of the representative of Italy on the need for international co-operation. Moreover, he proposed that the word "well-being" should be inserted after the word "interdependence". With regard to paragraph 1, he was rather unhappy with the text as it stood. He suggested that the order of the second and third sentences should be reversed and that after the words "progress of the developing countries" the text should read: "Although technological progress has also been made in all spheres of economic activities in the last three decades, the resulting benefits of technological progress are not shared equitably by all members of the international community." That wording would be closer to reality.

45. Mr. FALL (Senegal) said that, inasmuch as his country was a member of the Group of 77, he did not intend to reconsider the contents of the draft Declaration, which had

been the outcome of five weeks of hard work. He had no objection to the few minor amendments which had been put forward with a view to improving the text, but he could not say the same of the comments made at the preceding meeting by the representative of the Soviet Union, two of whose ideas he found somewhat alarming.

46. The first was the idea of the equal rights of all peoples, irrespective of their level of development. That would make the Declaration and the Programme of Action, which was based on redressing existing inequalities, completely meaningless. One could not, therefore, start from the idea of equal rights. The developing countries were in fact calling for the redress of existing inequalities.

47. The second idea concerned peaceful coexistence. While he agreed that peace was the world's most valuable asset, he felt that neither the time nor the place was appropriate for discussions about peaceful coexistence, first because time was short and secondly because that expression did not have the same meaning for some countries as for others. He therefore urged the representative of the USSR to withdraw the amendment in question, in order to avoid a protracted debate.

48. Mr. AKRAM (Pakistan) felt that it would be more logical to finish dealing with the first paragraph before going on to the second. In order to expedite the work of the *Ad Hoc* Committee, he proposed that the Rapporteur should be entrusted with the task of finalizing, in the light of the suggestions that had been made, a compromise text, which would then be submitted to the Committee for its approval.

49. Mr. UDOVENKO (Ukrainian Soviet Socialist Republic) associated himself with the representative of the German Democratic Republic in supporting the Soviet proposal concerning the title and the preamble of the draft Declaration, which was consonant with the letter and spirit of the Charter of the United Nations and with many other decisions. For example, General Assembly resolution 3177 (XXVIII) referred to "a balanced expansion of the world economy based on the equality and the common interests of all countries." It was therefore natural, if it was proposed to introduce the idea of international co-operation based on equality into the title, to assume that all forms of colonialism and neo-colonialism would have been eliminated. Moreover, he recalled the desire expressed by the United Nations for the promotion of a healthier international economic situation. Consequently, in formulating a new document of such importance, the Committee must not take a step backwards.

50. He recalled that paragraph (5) of the International Development Strategy for the Second United Nations Development Decade (General Assembly resolution 2626 (XXV)) stated that "the success of international development activities will depend in large measure on improvement in the general international situation", while paragraph 6 of the first biennial over-all review and appraisal of progress in the implementation of the International Development Strategy, contained in General Assembly resolution 3176 (XXVIII), stated that "a general climate of détente could and should create greater opportunity for development support for the benefit of devel-

oping countries." Moreover, détente had made it possible to convene the current special session. Finally, the concept of "peaceful coexistence" again appeared in Economic and Social Council resolution 1805 (LV), paragraph 6. He was referring to texts which had been adopted unanimously on questions relating to economic development.

51. However, it was not enough to talk about peaceful coexistence; there must be the will to make it a reality, and the Soviet proposal was a step in that direction.

52. Peaceful coexistence meant that countries with different social and economic systems should all meet, not on a battle-field, but in the field of economic co-operation. It was therefore quite natural to mention that in the document in question.

53. Mr. REBAGLIATI (Argentina) felt that he should clarify the meaning of the proposals he had put forward at the previous meeting, which it seemed to him had not always been properly understood.

54. His first proposal was that the words "our united determination to work for" should be replaced by "the urgency of working for".

55. He appreciated the desire to retain the words "common interests", but he did not see why that should mean rejecting his second proposal, which was to insert after them the words "and just relations".

56. Mr. SINARINZI (Burundi) said that, since his country was a member of the Group of 77, it was difficult for him to express any views, on the draft Declaration. He fully endorsed the statements of the representative of Senegal and agreed with the representative of China that the text reflected the aspirations of the third world. He thanked the representative of Argentina for introducing the idea of urgency, since the gap between developed and developing countries was widening each day. He supported the Sudanese, Pakistan and Belgian proposals, and he agreed with the representative of Madagascar with regard to the use of the word "renewed" instead of "new".

57. In view of the short time available, he urged the members of the Committee to concentrate entirely on ways of improving the draft Declaration.

58. Mr. CHOLLET (France) said that the draft Declaration did not create any difficulty for his delegation, and he welcomed the interesting proposals that had been made at the preceding and current meeting with a view to improving the text. However, he felt that by and large the Committee was sufficiently well informed about those first amendments, and if it continued along the present lines the result might be an unnecessary proliferation of amendments and comments.

59. On the other hand, a number of more sensitive issues had emerged, such as those raised by the representative of the Soviet Union, which had been supported by some and rejected by others.

60. Accordingly, it did not seem possible to make further progress, and he suggested that, as proposed by the

representative of Pakistan, the discussion should be restricted to the preamble and the Rapporteur should be asked to prepare a compromise text and to see what points would have to be reconsidered.

61. Mr. SMIRNOV (Union of Soviet Socialist Republics) said that the representative of the Ukrainian SSR had explained the position of the socialist countries correctly and had cited numerous texts. If, however, those texts were not sufficiently authoritative, he himself could cite another, the political declaration adopted by the Heads of State or Government of the non-aligned countries at the end of their fourth Conference, held at Algiers in 1973,² in paragraph 7 of which the non-aligned countries declared themselves "unanimous in the appraisal that the policy of non-alignment, together with other peace-loving, democratic and progressive forces, constituted an important and irreplaceable factor in the struggle for freedom and independence of peoples and countries, for general peace and equal security for all States, for universal application of principles of active and peaceful coexistence, for democratization of international relations, for all-round equitable co-operation, for economic development and social progress." That statement was a recognition of the progressive nature of the policy pursued by the USSR and the socialist countries.

62. He had no doubt that the misgivings expressed by the representative of Senegal would be dispelled once he had seen the text of the Soviet amendments.

63. Mr. FALL (Senegal) observed that, while the representative of the USSR had read the document issued at the end of the Algiers Conference, he himself had taken part in its formulation. He was not, therefore, opposed to détente—quite the contrary; but it was neither the time nor the place to emphasize that point, since there was a specific agenda to be adhered to and the Committee had only two weeks in which to complete its work. Besides, the Soviet Union itself had recognized the lack of equality between States and had made a proposal for the reduction of military expenditure by 10 per cent and the allocation of part of the funds thus saved to assistance for developing countries.³ With regard to the second text referred to by the representative of the Ukrainian SSR, the latter had omitted to quote another passage which actually mentioned that inequality.

64. Mr. SMIRNOV (Union of Soviet Socialist Republics) recalled that the USSR had not only recognized but proclaimed the existence of inequalities in the present international economic order. He had not said that equality already existed—quite the contrary. None the less, it was a highly desirable objective. Moreover, it was well known that the USSR based its international relations on the principle of the complete equality and sovereignty of the parties.

65. The CHAIRMAN said that, while he appreciated the congratulations which delegations had expressed to him on

² See document A/9330 and Corr.1.

³ See *Official Records of the General Assembly, Twenty-eighth Session, Annexes*, agenda item 102, document A/9191. The proposal was subsequently adopted as General Assembly resolution 3093 A (XXVIII).

his election, he felt obliged to remind members that he and the other officers of the Committee were not so much in need of congratulations as of co-operation, without which the objectives that had been set could not be achieved.

66. He noted that only four of the speakers thus far belonged to groups other than the Group of 77. The members of the Group had spent five weeks working on the document in question, and it was not so much their opinion as that of the other groups that it would be interesting to hear.

67. He suggested that at the end of the current meeting a contact group should meet to consider how the amendments which had been proposed could be embodied in the draft preamble.

68. He felt that there ought not to be too many oral amendments, and he recommended that amendments should preferably be submitted in writing. Since the contents of the document had already been known for several weeks he urged members to try to submit written amendments to the whole of the draft Declaration within a time-limit which would be established in due course.

69. Mr. AKRAM (Pakistan) acknowledged that the Chairman's suggestion was reasonable and logical but felt that, in order to save time, it might be better to make use of the Rapporteur's skills. Once the latter had finalized a text, he could submit it to the contact group.

70. The CHAIRMAN noted that the suggestion to issue a finalized text had not been made by the Rapporteur and that those who had originated it should agree to his own proposal in order to avoid prolonging the discussion.

71. He announced that a representative of the World Bank had handed to him a document which might be of interest to the members of the Committee, entitled "Additional External Capital Requirements of Developing Countries".

72. If there was no objection, he would take it that the Committee wished that document to be made available to its members on an unofficial basis.

It was so decided.

The meeting rose at 6.05 p.m.

5th meeting

Tuesday, 16 April 1974, at 10.50 a.m.

Chairman: Mr. Fereydoun HOVEYDA (Iran).

A/AC.166/SR.5

AGENDA ITEM 7

Study of the problems of raw materials and development (continued) (A/9544 and Add.1 and Add.1/Corr.1 and Add.2, A/9545, A/9546, A/9548, A/AC.166/L.1-3; Conference Room Papers Nos. 1 and 2)

CONSIDERATION OF THE DRAFT DECLARATION ON THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER (continued)

1. The CHAIRMAN noted that the *Ad Hoc* Committee had before it summaries of the proposals made in plenary by France (A/AC.166/L.1) and Japan (A/AC.166/L.3) and a note by the Secretary-General (A/AC.166/L.2) drawing the attention of members to a note by the Secretary-General of the United Nations Conference on Trade and Development (UNCTAD) on the problems of raw materials and development.¹ Other members desiring to submit summaries of the proposals made by the heads of their delegations in plenary could do so for consideration by the Working Party, which would meet on the following day. Amendments to the draft Declaration on the Establishment of a New International Economic Order (Conference Room Paper No. 1) must be submitted in writing by the following morning at the latest.

2. Mr. HEMANS (United Kingdom) said he assumed that the principle of flexibility would apply to the submission in writing of amendments to the draft Declaration. It was likely that the desirability of additional amendments would become apparent later and that some originally submitted would become unnecessary in the light of the discussion.

3. The CHAIRMAN assured the representative of the United Kingdom that flexibility would be maintained. However, he appealed to delegations to speak only on substantive matters and to keep their statements brief. He read out an amended text of the beginning of the preamble which had been prepared by the Rapporteur and the contact group, the text of which would be circulated in the working languages at the following meeting.

4. Mr. CORDOVEZ (Secretary of the *Ad Hoc* Committee) pointed out that the draft Declaration had been reissued as Conference Room Paper No. 1. The draft Programme of Action had been amended and reissued as Conference Room Paper No. 2. The amended preamble to the draft Declaration that the Chairman had read out would be issued as Conference Room Paper No. 3.

5. Mr. MALIK (Union of Soviet Socialist Republics) said that his delegation had welcomed the convening of the special session of the General Assembly, which had become possible in view of the improved international situation.

¹ Documents UNCTAD/OSG/52 and Add.1.

Development problems could not be resolved so long as war or the cold war persisted and energies were focused on increasing armaments supplies.

6. It was only after his country had driven out imperialist forces following the October Revolution of 1917 that it had been able to pursue its development. Similarly, it had fought energetically in the Second World War to eradicate fascism. The Soviet Union had also helped to create the conditions for the elimination of colonialism, and in the years following the Second World War it had striven, often alone in the United Nations, to improve the international situation, knowing that no serious attempts could be made to establish a new economic order in conditions of war or cold war.

7. Although his delegation would not press the point, it regretted that its proposal at the third meeting to include in the preamble of the draft Declaration a reference to the principles of peaceful coexistence had not been accepted. The importance that his delegation attached to détente had prompted the proposal, with a view to ensuring that efforts in behalf of the developing countries would further improve the international climate. Moreover, international monopolies posed a very serious threat. Peaceful coexistence was anathema only to the imperialists and monopolists, and to Israel, which had seized Arab lands and was preventing the Arab Countries from turning their attention from military preparedness to development.

8. The remarks of some representatives concerning the Soviet amendments suggested that his delegation had been misunderstood. The Soviet Union was not in disagreement with the developing countries; on the contrary, it supported the draft Declaration and its objectives. Every effort should be made to accommodate the interests of the developing countries in order to improve the international situation and further the pursuit of détente, disarmament and development.

9. Mr. MÜLLER-THUNS (Federal Republic of Germany), speaking on behalf of the States members of the European Economic Community, said that the draft declaration provided a good basis for the future work of the United Nations. The decades since the establishment of the Organization had witnessed significant political and economic progress and the accession to independence of many countries. However, the members of the Community were concerned at recent developments in the world economy and agreed that high priority should be attached, *inter alia*, to urgent measures to assist those developing countries which had been most severely affected.

10. It was the common responsibility of all countries to strive for more effective co-operation between the developing and the developed countries, bearing in mind the interrelation of the problems under consideration at the special session and the need to improve the international economic structure. The delegations of the countries of the Community would contribute constructively to the Committee's deliberations with a view to establishing a common attitude.

11. Mr. TARZI (Afghanistan) proposed that the words "especially the least developed countries" should be in-

serted after the word "countries" in the last sentence of paragraph 1.

12. Mr. AL-CHALABI (Iraq) said that the draft Declaration should specify what deficiencies in the existing international economic order must be remedied in order to accelerate the development of the developing countries; he recalled the amendment to paragraph 1 that his delegation had suggested in that connexion at the preceding meeting. His delegation interpreted the reference in the last sentence of that paragraph to participation of the developing countries as meaning participation in decisions taken by organs of the international community, and it would submit an amendment reflecting that interpretation.

13. Mr. AKRAM (Pakistan) said that his delegation was planning to submit an amendment which would clarify the sixth sentence of paragraph 1 by describing the reasons for the unfavourable position of the developing countries in international trade. His delegation would also submit an amendment to the ninth sentence of that paragraph indicating that the grave crises in the world economy resulted from the contradictions of the existing disequilibrium in world economic relations.

14. Mr. DRISS (Tunisia) said that the words "even and balanced development" in the English text of the sixth sentence of paragraph 1 were not adequately translated by the words "*développement uniforme et équilibré*" in the French text. A better wording should be found to bring the two texts into line. In the first sentence of paragraph 2, the word "economic" should be inserted before the word "interdependence", since it was with economic interdependence that the Committee was concerned. For the same reason, the word "political" could be deleted from the last sentence of the paragraph. In any event, the meaning of the expression "political . . . well-being" was not clear.

15. Mr. ZACHMANN (German Democratic Republic) said that he could support paragraph 1 with a few slight drafting changes, on which informal consultations were now proceeding.

16. Mr. HOUHOU (Algeria) felt that the seventh sentence of paragraph 1 should be slightly reworded to make it clear that the present system perpetuated injustice, and not merely inequality.

17. Mr. HEMANS (United Kingdom) said that he had a written amendment to submit to the first sentence of paragraph 2. It was not the changes mentioned in the text, but recent events, that had thrust the reality of interdependence into prominence.

18. Mr. LALOUX (Belgium), referring to the second sentence of paragraph 2, said that, if the interests of the developed countries could no longer be isolated from those of the developing countries, the reverse was also true. He therefore proposed that the words "and vice versa" should be inserted before the semicolon in that sentence.

19. Mr. MALIK (Union of Soviet Socialist Republics) said that his delegation wished to submit some amendments to paragraph 2. First, a new sentence should

be inserted before the last sentence of the paragraph affirming that promotion of the prosperity mentioned in the preceding sentence must be a common aspiration. Secondly, a new paragraph should be added after paragraph 2 stating that international peace and security were a prerequisite of social and economic progress, stressing the necessity of universal and complete disarmament, and affirming that the resources so released should be used by the developed countries to help the developing countries to increase the rate of economic and social progress.

20. He was proposing amendments to paragraph 2 along the same lines as those he had proposed to the preamble because their actual position in the text was immaterial. All States Members of the United Nations knew, and had already affirmed in paragraph 6 of the review and appraisal of the progress in the implementation of the International Development strategy for the Second United Nations Development Decade, adopted by the General Assembly in its resolution 3176 (XXVIII), that détente, together with peace and security, could create greater opportunity for development support for the benefit of developing countries, which would then, in turn, be able to make a greater contribution to the strengthening of world peace and security. A declaration of such importance as the one the Committee was now considering could not omit the essential link between détente, disarmament and development. The world was spending vast sums on armaments, despite the fact that the League of Nations and the United Nations had constantly striven, since the end of the First World War, to achieve disarmament. The non-aligned and developing countries were now adding their efforts to the struggle for peace and security, so that there was growing hope that the goal might be achieved. The Committee should therefore ensure that the idea was included in the draft Declaration.

21. Mr. FALL (Senegal) said that it was impossible to discuss the Soviet amendments until they were available in writing. His delegation had opposed the changes along the same lines which the Soviet delegation had proposed to the preamble, not because it did not agree with them in principle but because it felt that they were out of place in a document like the Declaration. Furthermore, some of the countries most closely concerned with détente seemed very little interested in the other points the Soviet representative had mentioned, as was clear from the statement made by the Secretary of State of the United States at the 2214th plenary meeting of the General Assembly. No one could disagree with the idea that the resources released by disarmament should be used to assist those countries, but the idea was already embodied in the International Development Strategy and did not need to be repeated in the Declaration. As the wording of the draft Declaration had been the result of a consensus, he would request a vote on the Soviet amendments if they were maintained.

22. Mr. CHOU Nan (China) said that, for the reasons he had already given, he strongly supported the representative of Senegal. In any event, he felt unable to discuss any proposal without a written text.

23. Mr. MVOGO-ENAMA (United Republic of Cameroon) supported the representative of Senegal. Of course the under-developed countries wanted peace and security for

development, but they must first be freed from poverty and hunger. There could be no development for them until such scourges had been eliminated.

24. Mr. KANE (Mauritania) also supported the representative of Senegal. Not all problems could be dealt with in the framework of the Declaration. The Secretary of State of the United States, speaking at the 2214th plenary meeting, had given the impression of trying to confuse the issue. Among the non-aligned countries there were developed as well as developing countries, and all of them knew the reasons for the current situation. It would be unwise to go into such complex questions in a simple declaration. Resources released by disarmament could, of course, be used for development, but the Committee should deal with the present situation as it was if it wished to avoid confusion.

25. As to the amendments proposed by the USSR, his country was not against peace or disarmament, but détente was another matter. If the Committee wished to achieve results it would do better not to take up the latter point, which did not fit into the framework of its present endeavours.

26. Mr. SOMJEN (Hungary) asked whether the Committee was trying to achieve an acceptable document or a new international economic order. Many delegations had said that they were in favour of peaceful coexistence but thought that it should be discussed elsewhere. His delegation considered that such matters as peaceful coexistence and sovereignty over national resources were relevant to the discussion; no new economic order could succeed if it did not take them into account. His own country was a large importer of raw materials, and it could enter into long-term import agreements only in an atmosphere of peaceful coexistence. Accordingly, his delegation supported the views expressed by the Soviet representative.

27. Mr. PAQUI (Dahomey) said he would like to make it clear that it had not been the intention of the Group of 77 to impose the draft Declaration on the Committee. The Committee had decided to use the informal papers prepared by the Group as a basis for its work. Thus, it was not true to say that the Committee must either accept or reject the draft Declaration. The views expressed by the Soviet representative had the unanimous support of the members of the Committee, but they were not relevant to the discussion. The Soviet amendments involved the introduction of matters which would obstruct the Committee's work.

28. Mr. ZACHMANN (German Democratic Republic) said that his delegation supported the Soviet amendments to paragraph 2 and could not understand why other delegations should have difficulty in doing likewise. Paragraph 6 of the review and appraisal in General Assembly resolution 3176 (XXVIII) made it clear that the question of peaceful coexistence was relevant to the matters before the Committee. The Committee should not take an approach which was at variance with a resolution already adopted by the Assembly.

29. Mr. OGISO (Japan) said that his delegation would submit in writing two amendments to paragraph 2. The first

was designed to draw attention to the need for the developing countries to become more self-reliant. In his delegation's view, self-reliance was an important basis for economic development, and he believed that there was no disagreement on that point among the developing countries. The second amendment stressed the spirit of co-operation essential to development in the developing countries and throughout the world. Many heads of delegations had stressed that point in their statements in plenary meetings of the General Assembly.

30. Mr. MALIK (Union of Soviet Socialist Republics) said he was glad that the representative of Senegal agreed that peace and security were essential to economic development. He repeated that the convening of the special session had been made possible by the improvement in the international situation resulting from efforts to combat aggression, imperialism, colonialism and neo-colonialism. The special session itself was a further step in the improvement of international relations. He could not understand why some delegations were afraid to include a reference to that matter in the draft Declaration. Apparently, no delegation was opposed to improvements in the international atmosphere.

31. If his delegation's amendments were unacceptable in their present form, perhaps an alternative or more succinct wording could be found. The purpose of the amendments was to state that the United Nations should pursue its main goal, namely, the avoidance of war.

32. The draft Declaration was a very important document; it would be almost a second United Nations Charter—an economic charter. It was the first time that such a document had been presented in the United Nations and his delegation was determined to treat it with due seriousness.

33. He would like to stress the fact that all the aid which his country rendered to developing countries was without strings. His country was opposed to imperialism and monopolies. The fact that large numbers of people were dying of hunger in the developing countries grieved the Soviet people, who had suffered in a similar manner when their wealth had been under foreign control. The Soviet Union and the other socialist countries of Eastern Europe had liberated themselves and now controlled their own wealth. That was why they were so sensitive to the question of strengthening peace and improving the international atmosphere. They wanted to eliminate famine and were therefore opposed to economic discrimination. They shared the views of the developing countries concerning tariff barriers and monopolies. He could not understand the charge that his delegation's amendments amounted to obstructionism.

34. The relaxation of international tension did not benefit the United States and the USSR alone; only industrial monopolies which were making huge profits from the armaments race would put forward such an argument. Détente benefited the whole world.

35. He wished to reiterate the fact that it was unrealistic to exclude political considerations entirely from a document which amounted to an economic charter.

36. Mr. BAROODY (Saudi Arabia) said that, having participated in the preparation of many United Nations declarations, he knew how difficult it was to arrive at a text acceptable to all. Sometimes that process took years. The Committee should not, therefore, expect too much or hope for a perfect text.

37. The views of the Soviet Union were valid, but it was also understandable that many countries, including even some developing countries, might prefer the *status quo* to a new economic order. What was vital was that the Committee should forestall the development of opposing alignments. It should take account of the views of the Soviet Union, which were very important, although not new. It was true that not all countries were yet ready for world disarmament, but it was no less true that there could be no new economic order without world peace and an end to the armaments race. The United Nations must continue to work for world disarmament.

38. He drew attention to the fact that, although many of the countries that produced raw materials had large currency reserves, they also had large populations of poor people. It must not be assumed that they would necessarily be willing to use their currency reserves for investment in other developing countries. Their first duty was to their own peoples.

39. He thought that the draft Declaration already covered the main relevant points. However, the preamble was too concise and might be expanded to include references to the desire for disarmament and to other ideas, such as those put forward by the representative of the Federal Republic of Germany. Another possibility would be to attach to the draft Declaration a protocol in which any other matters thought important by delegations could be included. His delegation would prefer the point raised by the Soviet representative to be included in the draft Declaration itself.

40. He appealed to all delegations to put aside their ideological differences and work together to produce a document worthy of the special session.

41. Mr. FALL (Senegal) agreed with the Soviet representative that there was no substantive difference of views; the difference was one of method or approach. It would not, of course, be difficult to include the Soviet amendments in the draft Declaration, provided that all delegations agreed; but all delegations did not agree. Of course no delegation was opposed to improvements in the international situation. The Soviet representative had said that it was the imperialists and monopolists who were disturbing the international atmosphere, but he had named only Israel, which in fact was merely an appendage of imperialism.

42. He was aware of the sufferings and losses of the Soviet Union in the Second World War; his own country was still fighting a dual war, caused in part by natural disaster—as a result of which a group of countries much smaller than the Soviet Union had lost 2 million lives in five years—and in part by Portuguese aggression, which the Soviet Union of course condemned.

43. The drought-stricken countries of Africa were deeply grateful for the aid provided by the Soviet Union; he

wished to stress that for those countries aid was just as important as peaceful coexistence. He could not understand what appeared to be a change of attitude on the part of the Soviet Union, which had always been a staunch ally of the developing countries.

44. Mr. PAQUI (Dahomey) said that, while his delegation did not disagree with the points made by the Soviet representative, many delegations would no doubt want to reply to them. He therefore suggested that the Committee should postpone further discussion of the Soviet amendment until they were available in writing.

45. Mr. CHOU Nan (China) asked whether the decision taken at the 3rd meeting that there should be no general debate was still valid. The Soviet representative had made several long statements of a general nature and had raised controversial issues irrelevant to the matters before the Committee. His delegation endorsed the view that those issues should be discussed in a different forum.

46. If the Committee was to be dragged into a discussion of such issues, his delegation would have much to say; it would question the assertion that there was true *détente* in the world, would seek to establish what were the sources of

war and would discuss the role of the two super-Powers in world affairs. The Committee could argue for days about such matters. His delegation wished to respect the general view, and the Committee's decision, that there should not be a general debate.

47. He agreed with those delegations which had said that the conduct of the Soviet delegation could be interpreted only as a desire to sabotage the Committee's proceedings. It was clear that the Soviet Union had an ulterior motive—to divert the attention of the Committee, and of the General Assembly at its special session, from the proper issues. The Soviet delegation had prevented the Committee from making any real progress on the substantive part of the Declaration at the current meeting. He urged the Soviet delegation to exercise self-restraint, respect the Committee's decision and not act contrary to the general will.

48. Mr. MALIK (Union of Soviet Socialist Republics) asked whether the United Nations had been established to promote chaos or improvements in the world situation. His delegation favoured the latter.

The meeting rose at 1.15 p.m.

6th meeting

Tuesday, 16 April 1974, at 3.35 p.m.

Chairman: Mr. Fereydoun HOVEYDA (Iran).

A/AC.166/SR.6

AGENDA ITEM 7

Study of the problems of raw materials and development (*continued*) (A/9544 and Add.1 and Add.1/Corr.1 and Add.2, A/9545, A/9546, A/9548, A/AC.166/L.1-3; Conference Room Papers Nos. 1 and 2)

CONSIDERATION OF THE DRAFT DECLARATION ON THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER (*continued*)

1. The CHAIRMAN noted that the *Ad Hoc* Committee had before it in Conference Room Paper No. 1 the preamble to the draft Declaration on the Establishment of a New International Economic Order proposed by the Rapporteur. He suggested, however, that the discussion of that text should be deferred, since it still seemed that, in order to avoid any misunderstanding, it would be necessary to hold further informal consultations. The delegations concerned could arrange with the Vice-Chairman, Mr. Arvesen, to hold a private meeting in order to go over that text once more. The amendments to paragraph 1 that had been proposed orally did not seem to have given rise to difficulties. With regard to paragraph 2, proposals had been made which must now be submitted in writing. To gain time, he suggested that the Committee should proceed to discuss paragraph 3, which dealt with questions of substance, subparagraph by subparagraph.

2. Mr. UDOVENKO (Ukrainian Soviet Socialist Republic) observed that the principles governing relations among States appeared in many documents, notably in the principles relating to trade relations adopted by the United Nations Conference on Trade and Development¹ (UNCTAD) in 1964. He therefore proposed inserting after the word "order", in paragraph 3, the words "that is, taking into account the progressive principles worked out by UNCTAD". In his view, the principles formulated by UNCTAD constituted a progressive code by which States should be guided in their economic relations. If that had been the case, the current discussion would probably not have been necessary.

3. Mr. GORITZA (Romania) paid a tribute to the Group of 77 for the high quality of its work. Nevertheless, wishing to help improve the text of the Declaration, his delegation proposed that paragraph 3 (*a*), which was of great importance because it defined the framework of international economic relations, should be amended. To make that subparagraph as precise as possible, he suggested that the words "territorial integrity" should be replaced by "refraining from the threat or use of force against the territorial integrity or political independence of any State".

¹ 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), annexes A.I.1, A.I.2 and A.I.3, pp. 18, 25 and 26.

4. Mr. ALARCON DE QUESADA (Cuba) said that he thought the words “and discrimination” should be inserted between the words “disparities” and “in the world” in paragraph 3 (*b*).

5. Mr. FURULYÁS (Hungary) proposed on behalf of the socialist countries the insertion in paragraph 3 (*b*), after the words “equal rights”, of the following text: “and the inadmissibility of discrimination based on the difference of socio-economic system and level of development with the observance of the principle of most-favoured-nation treatment in international trade, with corresponding exceptions to the benefit of the developing countries”. In his opinion, that proposal should not give rise to any discussion, since the system of preferences was one of the prerequisites for the establishment of a new international economic order in which the developing countries would have the benefit of special privileges.

6. Mr. AHMED (Sudan) observed that paragraph 3 was intended to enunciate general principles. He therefore thought that the Hungarian representative’s proposal could more appropriately be accommodated in the draft Programme of Action.

7. Mr. GARCIA BELAUNDE (Peru) said that he shared the view of the representative of the Sudan; however, he supported the proposal of the representative of Cuba, which seemed to him to have the merit of improving the text while remaining within the framework of the principles.

8. Mr. AKRAM (Pakistan), referring to the proposal of the representative of Hungary, said that he thought it would not be appropriate to insert the text of the amendment in question in subparagraph (*b*). The inadmissibility of discrimination could be referred to in subparagraph (*d*); moreover, the principle of the most-favoured-nation appeared to be reflected in the existing text of subparagraph (*m*). Perhaps it would suffice to state that principle, since it was an important one, earlier in paragraph 3. The only change which he would like to propose with respect to subparagraph (*b*) would consist in replacing the words “equal rights”, the meaning of which could change from one era to another, by “equality and justice”.

9. Mr. FURULYÁS (Hungary) thanked the representative of Pakistan for his suggestions and acknowledged that the inadmissibility of discrimination could appropriately be referred to in subparagraph (*d*). With regard to the principle of the most-favoured-nation, which was a fundamental one, if it was agreed that the need to favour the developing countries should be recognized, then rules must be laid down so that it would be clear in relation to what they were being favoured.

10. Mr. DRISS (Tunisia) proposed that at the end of paragraph 3 (*c*) the words “without losing sight of the needs of the other developing countries” should be added. He understood the international community’s concern to give priority to the least developed countries but that did not mean that the interests of countries which stood to benefit from certain programmes should be neglected, even if those countries were not victims of economic crises or natural calamities.

11. Mr. TARZI (Afghanistan) said that since the problems of the least developed and land-locked developing countries were completely different, it would be appropriate to devote to those countries a separate sentence or subparagraph in order to indicate clearly by that means the specific nature of their needs. In their case the needs were continuing ones and not, as in the case of the others, only temporary.

12. Mr. BHATT (Nepal), supporting the proposal of the representative of Afghanistan, observed that the problems of the land-locked least developed countries were indeed completely different from those of others.

13. Mr. VALDES (Bolivia) agreed with the representatives of Afghanistan and Nepal that it was an enormous disadvantage to be a land-locked country and he proposed that the entire last part of the subparagraph should be deleted, so that paragraph 3 (*c*) would end with the words “land-locked and island developing countries”.

14. Mr. HAMID (Sudan) expressed surprise at the amendment proposed by the representative of Tunisia, for various United Nations bodies, notably the Economic and Social Council in its resolution 1628 (L1), adopted at the very session at which the representative of Tunisia had been its President, had recognized that special measures must be taken in favour of the least developed of the developing countries. He supported the proposal of the representative of Afghanistan that a special paragraph concerning those countries should be included.

15. Mr. LASCARRO (Colombia) supported the proposal of the representative of Tunisia because that formulation with its broad scope made paragraph 3 (*c*), which was incomplete in its existing form, more balanced.

16. Mr. DRISS (Tunisia) said that he thought the representative of the Sudan had misunderstood the intent of his proposal. He did not deny that priority should be accorded to the least developed, land-locked and island developing countries, whose problems were particularly urgent. But there were many countries which required aid and the programmes drawn up for their benefit should not be allowed to be abandoned for lack of funds. All the available aid should not be given solely to countries suffering from famine or other calamities. Moreover, the United Nations Conference on Trade and Development had clearly specified at its third session that any special measure should be in addition to the general measures taken for the benefit of developing countries.² In conclusion, he observed that the proposed phrase would not in any way detract from the meaning of the rest of paragraph 3 (*c*).

Mr. Kułaga (Poland), Vice-Chairman, took the Chair.

17. Mr. VERCELES (Philippines) recalled that paragraph 3 (*c*) had been drawn up by the Group of 77 after intensive negotiations. He was therefore somewhat surprised that the objections should all come from members of the Group of 77. If any change was necessary, he thought it

² *Ibid.*, Third Session, vol. I, Report and Annexes (United Nations publication, Sales No. E.73.II.D.4), annex I.A, resolution 62 (III), para. 1.

would be preferable to change the wording of the subparagraph itself rather than to add a separate subparagraph, as suggested by the representative of Afghanistan.

18. The Tunisian delegation's amendment, which embodied a formulation adopted by UNCTAD at its third session, was acceptable to his delegation.

Mr. Hoveyda (Iran) resumed the Chair.

19. Mr. AL-ZAID (Kuwait) suggested that, in order to gain time, the wording of paragraph 3 (c) should be decided upon by the Group of 77 and the Committee should move on to the next subparagraph.

20. The CHAIRMAN said that no group could impose its views on the General Assembly. Moreover, it was regrettable that all the amendments had been proposed by members of the Group of 77.

21. Mr. TARZI (Afghanistan) said that, contrary to what the representatives of Tunisia and the Philippines seemed to think, the amendment which he had proposed was not aimed at excluding other developing countries from development aid, but sought only to focus attention on the particular needs of certain groups of countries.

22. Mr. AL-CHALABI (Iraq) suggested that in order to bring out more clearly the meaning of paragraph 3 (c), mention should be made of the "equal participation of all countries, developed and developing, in the solving of world economic problems".

23. Mr. HAMID (Sudan) said that he thought it would not be desirable to mention too many categories of developing countries in subparagraph (c) and he therefore supported the proposal to add a separate subparagraph.

24. Mr. JAIN (India) said that he would prefer to retain paragraph 3 (c) in its existing form, which had been the subject of lengthy negotiations in the Group of 77. Moreover, he could not agree to delete any part of the text without knowing precisely what wording would replace it.

25. The amendment proposed by the representative of Tunisia was perhaps unnecessary, since it was already stated that "the necessity to ensure the accelerated development of the developing countries" should be borne in mind. Perhaps it would be sufficient, in order to meet the concern of the Tunisian delegation, to speak of "all the developing countries".

26. Mr. DRISS (Tunisia) said that every country, regardless of the group to which it belonged, had the right to submit amendments to the draft Declaration; it was true that the members of the Group of 77 had adopted a consensus, but only in a very general way, and the text had been submitted to the various Governments after the adoption of the consensus. It was therefore natural that some delegations should now wish to propose amendments.

27. He had no definite preference as to the exact wording of a text which would take account of his concern; the amendment proposed by the representative of India was a possibility; another would be to add at the end of the

paragraph the words "without losing sight of the needs of any of them".

28. Mr. LALOUX (Belgium) suggested replacing the words "equal participation" by "full participation". The question of equality was not involved; the purpose of the paragraph was to enable all countries to participate, if they wished, in the solving of world economic problems.

29. Mr. MOUMILE (Morocco) said that, for the sake of clarity, he was proposing an amendment which was along the same lines as the Tunisian amendment. It called for replacing the words "as well as those developing countries most seriously affected by economic crises and natural calamities" at the end of the subparagraph by the words "and, as necessary, of those of the developing countries most seriously affected by economic crises and natural calamities and, in the light of established priorities, without losing sight of the interests of the other developing countries".

30. Mr. AKRAM (Pakistan) said it was quite proper that amendments to the draft Declaration were being proposed mainly by developing countries. The text now before the Assembly was indeed only a working paper, and Governments had had only a short time in which to study it. The problems in question affected primarily the developing countries, which were, moreover, much more numerous than the developed countries.

31. The current discussion concerning special measures in favour of certain groups of countries was not a new one; in view of the danger that it would create divisions among the developing countries, it might be preferable to follow the Kuwaiti representative's suggestion and pursue the consultations in the Group of 77. In any event, the subparagraph in question was not concerned with promoting the development of a particular category of countries but with the participation of countries in the solving of world economic problems. A classification of the developing countries in various categories was therefore out of place and should appear elsewhere.

32. Mr. YAO (Upper Volta) said that it was quite proper for the developing countries to submit amendments to the draft Declaration, since the latter had been hastily drawn up and represented a makeshift compromise to which countries had given their support for want of anything better.

33. He was surprised that everyone was up in arms at the Afghan amendment. Those who were disturbed at the idea of dividing the developing countries into various categories appeared to forget that Member States had met in a special session of the Assembly for the very purpose of trying to deal with the problems created by the differences between them. Moreover, the idea of adopting special measures in favour of certain groups of countries had long since been accepted, and it was therefore difficult to see what it was that some delegations had to fear from the addition of a separate paragraph. He suggested that those concerned should hold informal consultations on the subject.

34. Mr. SEKULIĆ (Yugoslavia), noting that the General Assembly had already adopted a programme of special

measures in favour of the least developed countries, said that the reference should therefore be to the “application” rather than the “adoption” of such measures.

35. Mr. HAMID (Sudan) formally proposed the adjournment of the discussion and suggested that it should be continued between the delegations concerned and the Rapporteur.

It was so decided.

36. Mr. AKRAM (Pakistan) proposed the insertion of the following new subparagraph after paragraph 3 (c):

“Equal remuneration to all countries for equal work in international trade in commodities, goods and services.”

37. As everyone was very well aware, the prices of goods and services were not the same in the developed and the developing countries.

38. The CHAIRMAN asked the representative of Pakistan to submit his amendment in writing so that the Committee could consider it.

39. Mr. HEMANS (United Kingdom) said that his delegation’s failure to comment on subparagraphs (a) to (d) reflected its desire to find at all costs some basis for understanding and did not indicate any lack of interest on its part.

40. Mr. AKRAM (Pakistan) observed that countries could have different reasons for adopting a given economic and social system. He therefore suggested that the words “that it deems to be the most appropriate for its own development” in paragraph 3 (d) should be replaced by the words “of its own choice”

41. The CHAIRMAN suggested that it should be left to the Rapporteur to find the proper formula.

42. Mr. MÜLLER-THUNS (Federal Republic of Germany) said that he had not commented on subparagraphs (a) to (d) because he had found them acceptable, subject to the minor amendment proposed by the representative of Belgium.

43. The principle of the permanent sovereignty of States over their natural resources had been generally accepted. However, in the course of discussions both at the twenty-eighth session of the General Assembly and in the UNCTAD Working Group on the Charter of Economic Rights and Duties of States, a number of developed countries had pointed out that that sovereign right must be exercised in accordance with the applicable rules of international law. Foreign investment continued to be a very useful means of diversifying the economies of the developing countries, and it was therefore essential to create conditions which would attract them and to offer prospective investors certain inducements and guarantees. In order to make clear the link which must exist between the principle of sovereignty over natural resources and the applicable rules of international law, he proposed, on behalf of the nine countries of the European Economic Community, that paragraph 3 (e) should be replaced by the

following text: “Every country has the right to exercise national sovereignty over its natural resources and all domestic economic activities.” Alternatively, the first sentence could read: “Each State enjoys permanent sovereignty over its natural resources, to be exercised in the interest of the economic development and well-being of its people.” The subparagraph would then continue:

“States endowed with natural resources have the right on grounds of or for reasons of public utility, security or the national interest to dispose of these resources; included therein is the right on such grounds or for such reasons to nationalize, expropriate or requisition them. The sovereignty and rights in question shall be exercised in accordance with the applicable rules of international law, in particular with regard to the payment to the owners of prompt, adequate and effective compensation. The exercise of this sovereignty and these rights shall take account of the requirements and interdependence of the economies of all States and the necessity to contribute to the balanced expansion of the world economy.”

The wording of the amendment provided additional assurances to all concerned with regard to their right to exercise sovereignty over their natural resources in a manner that safeguarded their interests.

44. Mr. GARCIA BELAUNDE (Peru) said that the proposal just made was difficult to accept since, first, it sought to limit a sovereign right and, secondly, it implied that the sovereign rights of States were subordinate to international law. However, it was only because international law emanated from States that they could abide by it, and there could be no question of international law prevailing over domestic law. His delegation therefore felt that subparagraph (e) should be kept unchanged.

45. Mr. HEMANS (United Kingdom) said that, while it was best to wait until the proposal by the Federal Republic of Germany was submitted in writing before discussing it in detail, he wished to state his delegation’s fundamental position. His Government fully recognized the principle of national sovereignty, intended to exercise it and recognized the right of all States to do the same. As members of the Committee were aware, the new Government of the United Kingdom supported the idea of nationalization, feeling that in certain cases it represented the most effective means of protecting the public interest. His delegation’s good faith was therefore not in doubt. However, it was difficult to accept the proposal put forward by the Group of 77, particularly subsections (ii) and (iii) of paragraph 3 (e). Subparagraph (e) (ii) had in any case been added rather belatedly for political reasons. His delegation did not feel that such controversial matters should be introduced into a declaration which must be accepted by all Member States if it was to carry any weight at all.

46. The controversy had started at the twenty-eighth session of the General Assembly, during which there had been extensive discussion of a draft resolution³ which had apparently encouraged the developing countries to regard nationalization as a panacea. His delegation deplored the

³ Subsequently adopted as General Assembly resolution 3171 (XXVIII).

fact that words with such potentially serious consequences had been used in subparagraph (e) inasmuch as subparagraph (n) called for “securing favourable conditions for the transfer of financial resources to developing countries”. The transfer of financial resources unquestionably included investment, and the prospect of nationalization at a fairly early date was not calculated to encourage potential investors.

47. It seemed logical to think that movements of financial resources between countries should be governed by international law. His delegation was not suggesting that international law should be invoked immediately in all cases, but it was distressing to be denied that final recourse, for it could ultimately become necessary to employ the good offices of an impartial body.

48. Mr. AIT-CHAALAL (Algeria) said that paragraph 3 (e) was certainly one of the most important elements of the draft Declaration. The problem of nationalization was one of the central points studied by the third world countries, particularly in the Group of 77 and at the Fourth Conference of Heads of State or Government of Non-Aligned Countries, held at Algiers in September 1973. The inalienable right of peoples to dispose of their natural wealth had been consecrated by the United Nations, but there was a world of difference between the recognition of that right and its application. Often the right of nationalization was proclaimed but then made void of all content. That was the interpretation his delegation placed on the statements of the Federal Republic of Germany and the United Kingdom, which maintained that the right of nationalization was limited. Those countries began by admitting that it was inconceivable that true development could take place so long as the wealth of the developing countries remained under foreign control and was drained from the third world countries to the developed countries, but then they immediately invoked international law. It must be borne in mind that international law had been first developed in the age of colonial domination to serve the interests of some 20 countries. The countries of the third world had never had any voice in the matter, and it would hardly be realistic to suppose that international law could work in their favour.

49. He wondered what law the European countries had invoked when they had nationalized certain sectors of their economy after the Second World War. He knew that in one country with which he was quite familiar it had been national law that had prevailed. Could a principle that was valid north of the Mediterranean be false south of it?

50. The obligation to compensate expropriated companies was a heavy burden for the developing countries and frequently made their position even more unfavourable than before nationalization. Paragraph 3 (e) should therefore be retained without change. He would go even further and assert the view that the third world countries should take a series of steps to thwart the attempts of multinational corporations and developed countries to neutralize the effect of nationalization and prevent the countries of the third world from regaining their national heritage.

51. Mr. ALARCON DE QUESADA (Cuba) said that his delegation would find it very difficult to support the

proposal of the representative of the Federal Republic of Germany. Paragraph 3 (e) embodied a principle that was fundamental to the efforts undertaken by the third world countries to promote their economic and social development. His delegation believed that the text before the Committee might be improved in such a way as to assert even more firmly the principle it proclaimed. His delegation therefore proposed deleting the word “domestic” before the words “economic activities” in the first sentence, since some external activities had, in fact, effects in the domestic field. It also proposed adding in subparagraph (e) (i) a phrase which would strengthen the logical connexion between it and the opening sentence of the subparagraph: after the words “their exploitation” the words “and other economic activities” should be inserted. Lastly, it proposed that in subparagraph (e) (iii) the phrase “to promote its economic development and” should be inserted after the words “every country”.

52. Mr. OMAR (Libyan Arab Republic) said that his delegation’s position of principle on the exercise of national sovereignty was well known. All of paragraph 3 (e) was derived from various resolutions of the United Nations, and rejecting it would be tantamount to rejecting those resolutions. The proposal made by the Federal Republic of Germany and supported by the United Kingdom constituted an attempt to obstruct the work of the Committee. The right of nationalization was an essential right, and the countries of the third world were not prepared to make any concessions on that point. His delegation considered it useless to discuss the proposed amendment in the present circumstances, since it believed it unlikely that any agreement could be reached in good time.

53. Mr. YANNACAKIS (Greece) said that nationalization was an expression of the right of countries to promote their economic and social development. Nationalization actions were aimed not only at multinational corporations but also at small businesses and individuals. The developing countries clearly had no desire to rob that group of investors and would do their best, if the need arose, to compensate them. In that sense they would be acting in accordance with international law.

54. Mr. HOSNY (Egypt) said that paragraph 3 (e) reaffirmed the principles proclaimed in General Assembly resolution 3175 (XXVIII), which had been adopted by the majority of Member States. That resolution, in turn, embodied the principles of the United Nations Charter; subparagraph (e) (ii) derived from those principles and should be retained.

55. Mr. LINDENBERG SETTE (Brazil) shared the view of the representative of Peru that the amendment proposed by the Federal Republic of Germany tended to limit the sovereign right of States. He therefore asked the sponsors of the amendment to reconsider their position on that question. Moreover, he thought that the representative of the Federal Republic of Germany had appeared to be concerned about compensation, which was a somewhat different question. His Government did not tolerate any interference in the exercise of its sovereign right to nationalize, but each time it had nationalized any holdings—apart from a few exceptions—it had always managed to find through negotiation a solution that was satisfactory to both sides.

56. Mr. RUGGIERO (Italy) said that his Government had always favoured the sovereign right of States to nationalize, but that that right should be exercised in conformity with the rules of international law. As the representative of the Federal Republic of Germany had said, such a course protected the interests of the developing countries themselves, which could not do without foreign investment. The amendment proposed by the Federal Republic of Germany should, therefore, be studied carefully; his delegation fully supported it.

57. He pointed out that the Committee had undertaken the drafting of a declaration which, in order to be valid, should be meaningful and based on a consensus of all countries. If the Committee did not want to risk a serious set-back, it should act with understanding and even, on occasion, accept compromise solutions.

58. Mr. ZACHMANN (German Democratic Republic) fully endorsed paragraph 3 (e). The principle of sovereignty included the right of countries to exercise unlimited control over their natural resources. His delegation therefore fully supported the delegations that had defended the subparagraph.

59. Mr. CHOU Nan (China) recalled that in the final document of the Fourth Conference of Heads of State and Government of Non-Aligned Countries, held at Algiers in 1973,⁴ it had been stated that it was important to put an end as soon as possible to the plundering of the developing countries' resources by the developed countries. That was a correct position.

60. All countries, and particularly the developing countries, should be able to exercise permanent sovereignty over their natural resources. Like the principle of nationalization, that was a fundamental principle in the establishment of a new international economic order and a sacred right of every sovereign State. China could not tolerate any modification or weakening of that principle.

61. With regard to compensation, a look at history prompted the question: who had the right to demand it? That was a question which deserved careful study.

62. Mr. HEMANS (United Kingdom) said that his delegation had always taken a conciliatory and positive attitude. It was therefore particularly shocked to hear it said by some that the proposal it supported should not even be discussed.

63. It was interesting to note that every country that had spoken in favour of the proposed text was a country with a planned economy and one that believed in the blessings of State ownership. Only one developing country with a non-planned economy had spoken, with moderation, in defence of the proposed text. That was a revealing fact, which made his delegation feel that a consensus might not be impossible to achieve.

64. The representative of Egypt had cited the resolution from which the text of paragraph 3 (e) was derived. The fact was that that resolution had given rise to sharp controversy and had not been adopted by consensus. It should not be expected, therefore, that the current text would have the support of everyone.

65. Mr. AL-CHALABI (Iraq) said that his delegation approved the proposed text. Indeed, the text represented a minimum, and the Committee should try to strengthen, rather than weaken, the principle of permanent sovereignty. While that principle was recognized in theory by the international community, it was not recognized in practice and had frequently been violated, particularly by multinational corporations. Thus, in 1971, when his Government had published Law 80, placing under Government control lands that had not been granted to multinational corporations through concessions, those corporations had exerted every kind of pressure to block the law and undermine his country's economy.

66. The international community should, therefore, not only recognize the validity of the right of nationalization but also protect the exercise of that right and prohibit anyone from obstructing it. If paragraph 3 (e) was to be changed, the change should be in the direction of strengthening it.

Organization of work

67. The CHAIRMAN invited the Committee to proceed to the election of the Chairman of the Working Party it had decided to establish. The Working Group itself would elect other officers if it considered such action necessary.

68. Mr. UTHEIM (Norway) proposed that Mr. Eustace E. Signoret (Trinidad and Tobago) should be elected Chairman of the Working Party.

Mr. Signoret was elected Chairman of the Working Party by acclamation.

⁴ See document A/9330 and Corr.1.

The meeting rose at 6.05 p.m.

7th meeting

Wednesday, 17 April 1974, at 11 a.m.

Chairman: Mr. Fereydoun HOVEYDA (Iran).

A/AC.166/SR.7

AGENDA ITEM 7

Study of the problems of raw materials and development (*continued*) (A/9544 and Add.1 and Add.1/Corr.1 and Add.2, A/9545, A/9546, A/9548, A/AC.166/L.1-5, A/AC.166/L.7-11; Conference Room Papers Nos. 1-4 and 4/Add.1)

CONSIDERATION OF THE DRAFT DECLARATION ON THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER (*continued*)

1. Mr. NESTERENKO (Union of Soviet Socialist Republics) said that the principle of permanent sovereignty over natural resources was so well established and widely recognized that its opponents in the *Ad Hoc* Committee could make only flanking attacks on it. The States with planned economies not only supported the principle but adhered to it in their relations with other countries, giving due weight to its special importance for the developing countries seeking economic independence. The political implementation of the principle would help such countries to make more effective use of their natural resources and speed their economic progress.

2. His delegation understood the doubts expressed by the developing countries concerning the observance of the principle, and it also understood why certain States attacked it. It was the Committee's duty to defend the principle.

3. The fact that the principle of permanent sovereignty over natural resources had been included in many General Assembly resolutions did not mean that it was implemented in practice. The time had come to state the principle in such a way as to facilitate its implementation.

4. It was true that private capital could bring technical benefits to developing countries, but that was only one side of the picture; it must be remembered that private capital made its profits by exploiting the natural resources of developing countries. Transnational corporations were an important source of private capital, and consequently of exploitation. It must be remembered that transnational corporations exploited not only the developing countries but also their own peoples. The forthcoming report of the Group of Eminent Persons to Study the Impact of Multinational Corporations on Development and on International Relations would provide further evidence of the undesirable activities of such corporations. His delegation considered that the foreign activities of private companies should be limited and that inequitable agreements concerning the use of natural resources should be abrogated. It supported all measures designed to guarantee the implementation of the principle of permanent sovereignty over natural resources. The Committee should reject any amend-

ment diminishing the force of the principle, while supporting any amendment tending to consolidate it.

5. Some delegations had argued that paragraph 3 (*e*) of the draft Declaration on the Establishment of a New International Economic Order (Conference Room Paper No. 1) ought to state that the principle should be implemented in such a way as not to violate the rules of international law. Certainly the rules of international law must be respected, but international law was not static; it was an evolving body of rules that frequently incorporated innovations, many of which originated in the United Nations. His delegation was convinced that progressive international law could not be a means of limiting permanent sovereignty over natural resources; on the contrary, it should be a means of ensuring the exercise of such sovereignty and promoting the social and economic development of all countries, especially the developing countries. There was no place for out-of-date concepts in international law; while it was true that in the past international law had not recognized developing countries but had recognized colonies, many new States had now gained their independence and international law did recognize their existence.

6. The Soviet delegation had made its position clear at the twenty-eighth session (2203rd plenary meeting) during the discussion on the draft resolution subsequently adopted as General Assembly resolution 3171 (XXVIII), which reaffirmed the principle of permanent sovereignty over natural resources and affirmed that the principle of nationalization implied that each State was entitled to determine the amount of possible compensation and the mode of payment. That affirmation constituted a new norm of international law.

7. There had, of course, been a time when even some developing countries had opposed the principle of permanent sovereignty over natural resources. However, they had learnt by experience, and by that time no developing country opposed the principle. The developing countries had always had the moral and practical support of the Soviet Union in the implementation of the principle and they could still rely on that support. His delegation fully endorsed the view of the developing countries that the draft Declaration should contain a clear statement of the principle.

8. Mr. SHEMIRANI (Iran) said that his delegation had no difficulty in accepting paragraph 3 (*e*). However, the Committee as a whole was having some difficulty in reconciling the sovereign right of States to dispose of their natural resources as they saw fit and the need of the developing countries to have access to foreign capital. No one opposed the principle of permanent sovereignty over natural resources, and no one denied the advantages which foreign capital could bring to the developing countries; indeed,

both the draft Declaration and the draft Programme of Action would contribute to the creation of favourable conditions for foreign investment. The members of the Committee should try to take account of the differing views and reach a consensus by means of reciprocal concessions. It was sometimes better not to persist in an inflexible position but to avoid confrontation by working in an atmosphere of co-operation and mutual understanding. He was sure that the Committee could find a formula satisfactory to all delegations. He had no text to propose at the moment, but would certainly take part in the drafting of one in informal meetings.

9. Mr. GARCIA BELAUNDE (Peru) said that the differences of opinion on paragraph 3 (*e*) were between countries with different kinds of economies. Peru had a pluralist economy, but that did not mean that it did not respect the countries with centrally planned economies. The principle of nationalization, as stated in paragraph 3 (*e*) (iii), was in accordance with the legal tradition of Latin America, where any disputes between foreign investors and Governments were solved in accordance with the domestic laws of the country concerned.

10. However, the principle as stated in the text before the Committee was not binding on countries, nor did it imply a desire to impede the activities of foreign investors. It must be remembered that many countries wished to encourage foreign investment.

11. Mr. NIKOLAEV (Ukrainian Soviet Socialist Republic) said that his country attached great importance to the practical implementation of the principle of permanent sovereignty over natural resources. Implementation of that principle by countries which had undertaken economic reforms was an important means of mobilizing their internal resources for the purposes of economic and social development. Natural resources were a national asset belonging to the countries in which they were situated. The effective exercise of sovereignty over natural resources depended to a large extent on development of the productive forces, availability of internal sources of capital for development, establishment of a rational economic structure, and improvement of the material and cultural level of living of the population.

12. For those reasons, his delegation supported the provisions of paragraph 3 (*e*).

13. Mr. DOMINGUEZ (Venezuela) pointed out that the right of countries to permanent sovereignty over their natural resources implied the right to nationalize foreign companies in accordance with domestic law.

14. Mr. KOSSEV (Bulgaria) said that the public ownership of natural resources was the foundation of his country's social and economic system. Accordingly, Bulgaria had always supported the right of all countries to permanent sovereignty over their natural resources. It also supported the right to nationalize and to decide the amount of compensation in accordance with domestic law. His delegation fully supported subparagraph (*e*).

15. Mr. MIYAKE (Japan) said that, in his delegation's view, every country had the right to exercise effective

control over its natural resources, and that included the right of nationalization or transfer of ownership to its nationals. In case of nationalization, however, appropriate compensation should be paid in accordance with the rules in force in the country and with international law. His delegation wished to stress the importance of international law in the matter.

16. Mr. BESSOU (France) said his delegation believed that the subject-matter of paragraph 3 (*e*) raised great difficulties, which could not be resolved in a few hours of debate. He would not, therefore, go into the substance of the question; indeed, he thought that a substantive debate should be avoided.

17. His delegation considered that there was no purpose in the Committee's duplicating the work of the Working Group on the Charter of Economic Rights and Duties of States, which had already dealt with the matter at some length and was to resume its deliberations shortly. There was some hope that the Working Group would be able to solve the complex legal problems involved, but it was most unlikely that the Committee could do so in the short time available to it.

18. Mr. FERGUSON (United States of America) said that his delegation had great difficulty with certain parts of paragraph 3 (*e*), although some of it was acceptable. The United States supported the principle of permanent sovereignty over natural resources as stated, for example, in General Assembly resolution 1803 (XVII), which provided that in the event of nationalization the owner should be paid appropriate compensation in accordance with domestic and international law. His country's position on the principle laid down in paragraph 3 (*e*) of the draft Declaration had already been expressed in the Second Committee, in plenary meetings of the General Assembly and in the Working Group on the Charter of Economic Rights and Duties of States. It was true that the Working Group had made some progress in solving the complex issues involved, and the *Ad Hoc* Committee should not do anything to jeopardize its future work.

19. His delegation doubted whether the language of paragraph 3 (*e*) (iii) could serve a useful purpose; it was too specific for so controversial a subject. The United States hoped that the Committee would be able to reach a consensus agreement; clearly, a substantial minority of members shared its view. The language of paragraph 3 (*e*) (iii) would not serve the cause of economic development, because it might discourage private investment. The *Ad Hoc* Committee was not the proper forum for a debate on the merits of various economic systems, but it must be remembered that most foreign investment came from private sources. The relevance of international law must be recognized precisely because it protected the rights of companies whose assets were nationalized.

20. His delegation was willing to discuss the matter in informal meetings in the hope of reaching a consensus. He would like to point out that paragraph 3 (*e*) (ii) also raised points of a highly political nature. Such points were inappropriate to what was essentially an economic document.

21. Mr. FURULYÁS (Hungary) said that his delegation fully supported paragraph 3 (e), which contained one of the most important principles to be included in an eventual economic charter on a new international economic order.

22. Mr. MUTUMBO (Zaire) said that his delegation fully endorsed all the ideas in the draft Declaration.

23. Mr. OLIVERI LOPEZ (Argentina) said that his delegation endorsed the document under consideration, and particularly the principle embodied in paragraph 3 (e), which was recognized in Argentine law. The last sentence of the subparagraph was intended to ensure that foreign investment would not be discouraged and would be on clearly understood terms.

24. Mr. JOSEPH (Australia) said that his delegation had no difficulty with the concept of permanent sovereignty over natural resources. Nationalization was only one of the ways in which that right could be exercised, and in the event of nationalization provision should be made for adequate, prompt and fair compensation in accordance with the principles of international law.

25. As the Committee appeared to be approaching an impasse on the subject, it would perhaps be preferable to negotiate the matter informally or to amend paragraph 3 (e) to reflect the general consensus in support of the principle of permanent sovereignty over natural resources, omitting any reference to the points covered in paragraph 3 (e) (iii) and taking them up again when the draft Programme of Action was considered.

26. He wondered whether the position of the delegations of the USSR and other socialist countries had changed in the past two years. During the current discussion they had categorically and unequivocally supported the concept of permanent sovereignty over natural resources and the exercise of that right. However, in explaining their position on General Assembly resolution 3016 (XXVII)—which had introduced law of the sea elements for the first time in a United Nations resolution on permanent sovereignty over natural resources—they had objected to the inclusion of a reference to the natural resources of States found in the sea-bed and the subsoil thereof within their national jurisdiction and in the superjacent waters. His own delegation had supported that language.

Mr. Kułaga (Poland), Vice-Chairman, took the Chair.

27. Mr. OMAR (Libyan Arab Republic) said that his delegation whole-heartedly supported the full exercise of permanent sovereignty over natural resources. He did not agree that paragraph 3 (e) (iii) would have a negative effect on developing countries which were dependent on foreign investments. It was for countries themselves to decide whether they wished to resort to nationalization. His delegation would not object to the insertion of an additional subparagraph elaborating further on nationalization, but it would not agree to the reformulation of paragraph 3 (e) (iii).

28. Mr. DRISS (Tunisia) said that since attaining independence Tunisia had had to settle many nationalization questions, and it had done so in accordance with the

position reflected in subparagraph (e). It also complied with the provisions of the Convention on the Settlement of Investment Disputes between States and Nationals of Other States.¹

29. The concern expressed by some delegations should be accommodated to some extent in the text. Perhaps a reference could be included to the Charter of Economic Rights and Duties of States, which would deal with matters relating to nationalization.

30. Mr. KINYATA (Uganda) said that his delegation fully endorsed paragraph 3 (e) and insisted that it should remain unchanged. With regard to the United States representative's remarks concerning paragraph 3 (e) (ii), he said that politics could not be separated from economics, and the wording used reflected the range of imperialistic and monopolistic activities of the Western world.

31. Transfer of the ownership of natural resources to nationals of a country—as occurred in Uganda, which had a mixed economy—did not necessarily mean nationalization. Favourable conditions for investment could be discussed when the Committee considered the draft Programme of Action; the subject had no place in the draft Declaration.

32. Mr. NARKHUU (Mongolia) said that paragraph 3 (e) should be retained in its present form. In a document of such importance as the Declaration, the principle of permanent sovereignty over natural resources should be stated unequivocally and unconditionally.

33. Mr. NESTERENKO (Union of Soviet Socialist Republics), speaking in exercise of his right of reply, said that his delegation's support for the principle of sovereignty over natural resources in no way signified a change in its position on other matters, including those mentioned by the representative of Australia, which were discussed in other forums both in the United Nations and elsewhere. His delegation would be pleased to brief the representative of Australia more fully in private on the point he had raised.

34. Mr. AL-EBRAHIM (Kuwait) said that paragraph 3 (e) (ii) was essential, because peoples under foreign occupation also suffered economically.

35. Although his delegation was not prepared to agree to any amendments to paragraph 3 (e) (iii), it would be willing to consult privately with delegations which had reservations concerning it.

36. Mr. KANKA (Czechoslovakia) reaffirmed the position taken by his delegation in the plenary in opposition to the negative effects of transnational corporations on the economies of developing countries, and expressed support for paragraph 3 (f).

37. He proposed that the words “for their liberation and” should be inserted after the word “struggle” in subparagraph (g).

38. Mr. SERRANO (Cuba) proposed that the words “and economic activities” should be inserted at the end of

¹ United Nations, *Treaty Series*, vol. 575, p. 160.

subparagraph (*g*) for the sake of consistency with subparagraph (*e*).

39. Mr. MACKENZIE (United Kingdom) said that, although he agreed with the substance of subparagraph (*g*), he felt that the Declaration should reflect the spirit of interdependence and the search for consensus characterizing the debate in the plenary. The words “struggle in order to” in subparagraph (*g*) reflected conflict, and he proposed their deletion.

40. He also proposed that a reference should be made to the Charter of the United Nations and that subparagraphs (*g*) and (*h*) should be merged, toning down the highly political sentiments in the latter, which were unlikely to attract a consensus. The combined text, as amended, would read: “Right of the developing countries and the peoples of territories under colonial and racial domination and foreign occupation to regain, in accordance with the principles of the United Nations Charter, effective control over their natural resources, with the assistance of the international community”.

41. Mr. GARBA-JAHUMPA (Gambia) supported the United Kingdom amendments. The merger of subparagraphs (*g*) and (*h*) would eliminate any ambiguity.

42. Mr. ARUEDE (Nigeria) said that the United Kingdom amendments would significantly alter the meaning of subparagraph (*g*). The word “struggle” could not be viewed in the context of the negotiations which had led to the drafting of the United Nations Charter. “Struggle” meant the right of peoples to resort to any means to attain their freedom; for example, the people of Guinea-Bissau had recently exercised that right. The rights enjoyed under the Charter were fully understood by members of the international community, and no reference to the Charter was necessary in subparagraph (*g*).

43. Mr. DRISS (Tunisia) said that the United Kingdom proposals were unacceptable. He would give favourable consideration to some other formulation which covered the important elements listed in subparagraph (*h*).

44. Mr. GARCIA BELAUNDE (Peru) said that he could not accept the subparagraph proposed by the United Kingdom representative, for it omitted very important references to tactics—including boycott, economic aggression and political pressure—which should be mentioned in the Declaration. He recalled that at the 2213th plenary meeting his delegation had condemned the use of such tactics against Peru and another Latin American country.

45. Mr. AIT-CHAALAL (Algeria) said that his delegation totally rejected the United Kingdom proposal, which seriously undermined the spirit of the draft Declaration. It was essential to state that countries must enjoy their political rights before they could exercise control over their natural resources. Accordingly, the elements contained in subparagraph (*h*) must be included. The United Nations must strongly support the struggle of peoples for freedom from colonial and foreign domination.

46. His delegation supported the amendment proposed by the representative of Czechoslovakia.

47. Mr. NESTERENKO (Union of Soviet Socialist Republics) said that the language of paragraph 3 (*g*) could in fact be strengthened. Accordingly, his delegation supported the Czechoslovak amendment and opposed the United Kingdom proposal for deletion of the words “struggle in order to”, which would weaken the text. A reference to the United Nations Charter would be inappropriate in the context of subparagraph (*g*). Colonial peoples did not need the sanction of the United Nations to wage their struggle for liberation. The exercise of their right to do so was an unassailable historical fact.

48. He urged the United Kingdom representative not to press his amendments.

49. Mr. AL-CHALABI (Iraq) said that his delegation was opposed to the United Kingdom proposals. Subparagraphs (*g*) and (*h*) dealt with two distinct concepts. Developing countries were often subjected to pressure by great Powers and multinational corporations when they sought to exercise sovereignty over their natural resources.

50. His delegation could accept an amendment that would strengthen subparagraph (*g*).

51. Mr. RUGGIERO (Italy) said that he thought there were grounds for a compromise. The United Kingdom representative had made a constructive proposal. It would seem that a satisfactory text might emerge from consultations between the interested delegations.

52. Mr. LALOUX (Belgium) supported the United Kingdom proposal that subparagraphs (*g*) and (*h*) should be merged; a suitable formulation could certainly be found if the question was approached in a spirit of moderation. He had been somewhat disappointed at the immediate reactions to the United Kingdom proposal, which merited study, in contrast to other cases where a written text had been insisted upon before comments were made. He supported the reference to the United Nations Charter proposed by the United Kingdom; in fact, he did not see how it could well be omitted. Paragraph 68 of the first biennial over-all review and appraisal of progress in the implementation of the International Development Strategy, contained in General Assembly resolution 3176 (XXVIII), on which the wording of subparagraph (*h*) was based, referred to the Charter in the very first line. He trusted that the Committee would give a very constructive proposal more careful consideration than it had received so far.

53. Mr. MVOGO-ENAMA (United Republic of Cameroon) said that the United Kingdom amendment would delete all reference to the struggle of the dominated peoples for their liberation, and it was precisely that struggle that was the important point. His country supported all such struggles, and his delegation was therefore quite unable to agree to the United Kingdom amendment.

54. Mrs. HO Li-liang (China) said that the world was in turmoil. There were conflicts and struggles on every side as peoples sought to liberate themselves from such ills as colonialism, oppression and exploitation. Where there was oppression there was bound to be resistance, so that the struggle of the oppressed peoples was an objective fact of contemporary reality. Some of the peoples of Asia and

Africa had achieved their liberation at the price of shedding their own blood, but others were still involved in their just struggle. Subparagraphs (g) and (h) as they stood reflected the real situation and should not be amended.

55. Mr. TARZI (Afghanistan) proposed that the word "alien" should be inserted after the word "colonial" in subparagraph (g). He agreed with previous speakers that the original wording was excellent, and the right of developing countries to struggle against all kinds of domination was incontestable. He was therefore opposed to any major amendments to that subparagraph.

56. Mr. MUFWAYA (Zambia) said that he was entirely opposed to all the amendments proposed by the United Kingdom, which would merely weaken the text. If subparagraph (g), which dealt with the right of peoples to struggle in order to regain effective control over their natural resources, was merged with subparagraph (h), which pointed up the international community's duty to assist those peoples in their struggle, two quite different ideas would be run together and become indistinguishable. They should therefore be maintained as separate subparagraphs. If it was decided to merge them, the wording of subparagraph (h) should be strengthened, not weakened, as it would be by the wording proposed by the United Kingdom.

57. Mr. ZACHMANN (German Democratic Republic) said that both subparagraphs were acceptable to his Government, whose policy was based on the principles enunciated in them. He supported the amendments proposed by the Czechoslovak and Cuban delegations but was opposed to those of the United Kingdom, which would only weaken the text.

58. Mr. CHARLES (Haiti) opposed the United Kingdom amendments. A reference to the Charter would not alter the fact that, although the Charter had been in existence for 28 years, peoples were still struggling for their freedom and their rights still went unrecognized. Moreover, it would be quite wrong to merge the two subparagraphs, which expressed two quite different ideas.

59. Mr. MACKENZIE (United Kingdom) said he hoped that, when his proposal was available in writing, it would be studied more carefully. Instant rejection was hardly the best way to achieve a consensus. His delegation fully supported the rights mentioned in subparagraphs (g) and (h), and the only aim of the amendment was to find a wording which stressed the interdependence of the interests of all countries—the keynote of the special session. He had been disturbed by the opposition to any mention of the Charter, and felt that omission of such a mention would be a dangerous precedent. The fact that the Charter had been drafted in 1945 did not make it less relevant to the contemporary world, and he was not suggesting, as the Soviet representative appeared to believe, that it might be ignored in the new international economic order; he trusted that the new order would not be at variance with the Charter. The United Kingdom's aim in proposing the amendments was precisely the same as that of the President of Algeria in proposing the convening of a special session, namely, that there should no longer be confrontations, but co-operation and partnership.

60. Referring to the point made by the representative of Tunisia, he said that he was not proposing to eliminate all references to neo-colonialism, *apartheid* and other evils from the draft Declaration; however, they did not need to appear everywhere in it. They were, after all, political matters, and the subject of the draft Declaration was an economic order.

61. Mr. BESSOU (France) supported the United Kingdom representative's proposals. A reference to the Charter was indispensable, as that was the legal instrument from which the right of peoples to sovereignty over their natural resources emerged. He felt that the order in which the ideas appeared in subparagraphs (g) and (h) was a little confusing. He trusted that the United Kingdom amendments would be given careful consideration.

62. Mr. AIT-CHAALAL (Algeria) agreed with the representative of Belgium that amendments were not normally discussed in detail until they had been circulated in writing. However, it was not impossible to discuss them immediately if they were presented orally in a clear and understandable manner. As to the reference to the Charter proposed by the United Kingdom, his delegation was not opposed to all reference to the Charter; it merely thought the reference unnecessary in that context.

63. Mr. SHUKE (Albania) noted that there had been several attempts to weaken the wording of the draft Declaration, which expressed a consensus of the Group of 77. His delegation appreciated the work done by the Group of 77, and the only changes that were acceptable were ones which would strengthen the text. Albania fully supported the right of peoples to struggle in order to regain effective control over their natural resources; however, there could be no effective control without the political power to exercise it. For that reason, the ideas expressed in subparagraphs (g) and (h), although distinct, were inseparable. The struggle of the colonial peoples was a feature of the contemporary world which could not be denied, and their right to carry on that struggle had already been recognized by the United Nations. The only point lacking in subparagraph (g) was that those peoples had the right to wage their struggle by all available means; words to that effect should be added to the text.

64. If the ideas contained in the two subparagraphs were inseparable, it would be logical to think that they might be merged; the result of a merger, however, would be to weaken the impact of subparagraph (h) in particular. Albania, having suffered from the effects of an economic boycott itself, sympathized with those who wished to protect countries struggling for liberation from economic aggression and political pressure. He therefore supported subparagraph (h) as it stood.

65. Mr. GARBA-JAHUMPA (Gambia) agreed that the idea of the right of peoples to regain effective control over their natural resources was linked with the idea expressed in subparagraph (h), but said that in reality there was a vast difference between recognizing the right of peoples to struggle and assisting them in their struggle, which was the idea underlying the second of the two subparagraphs. It seemed a wise measure to ensure that the peoples in question should receive all possible aid in their struggle, and

it was for that reason that he had supported the merging of the two subparagraphs.

66. Mr. NESTERENKO (Union of Soviet Socialist Republics) said that his delegation would make a careful study of the United Kingdom amendments, as it did of all proposals. The reason why there had immediately been such a heated discussion of the amendments was that the United Kingdom wished to delete the reference to "struggle" in subparagraph (g), which seemed to indicate that it was opposed to the struggle against colonialism. In the circumstances, his delegation could not do otherwise than oppose an amendment that would weaken the text.

67. His country respected the Charter of the United Nations and was not opposed to the insertion of a reference to it; however, the Charter was not the only instrument that justified the struggle of peoples against colonialism. There were other instruments and resolutions adopted by United Nations organs, such as resolutions of the Security Council and the General Assembly, which did the same thing, and if references to them were also included in the draft Declaration he would support the United Kingdom amendment inserting a reference to the Charter. No one could object to the Charter, but what his country was interested in was assisting the colonial peoples in their struggle for independence.

68. Mr. AIT-CHAALAL (Algeria) said the United Kingdom representative appeared to think that, because some delegations, including his own, were not in favour of the insertion of a reference to the Charter in the Declaration, they were opposed to the Charter itself. What they were objecting to was not the reference to the Charter but the deletion of any reference to the struggle of peoples to regain control over their natural resources. Denial of that right would appear to conflict with the right of peoples to self-determination, which must at times involve struggle.

The Charter established the right of peoples to struggle for their freedom and he was not, therefore, opposed to a reference to it.

69. As the United Kingdom representative had said, interdependence and co-operation were the keynote of the special session, but that did not mean that there could be any abandonment of firmly held principles, such as recognition of the right of colonial peoples to struggle for their liberation from colonialism, zionism or any other form of domination. They were entitled to struggle against those evils by all the means in their power, and the international community was bound to assist them in their struggle.

70. Mr. BALDE (Guinea) agreed with the representative of Algeria. The draft Declaration had been adopted by consensus, and the Group of 77 was anxious to avoid conflict. However, conflict became unavoidable when some countries did not respect the rights of others. Subparagraphs (g) and (h) were two different aspects of the problem of the struggle of the colonial peoples. Subparagraph (g) recognized their right to struggle for control over their natural resources, while subparagraph (h) stressed the need to assist them in their struggle. No amendment which did not strengthen the right of people to struggle for their freedom could be acceptable. In a world where *apartheid*, discrimination and economic exploitation prevailed, there could be no sovereign rights unless countries were entitled to struggle for them. Although some delegations saw merit in the United Kingdom amendments, he felt that they were mistaken. There was no doubt about the United Kingdom's attitude. It was not possible to be in favour both of domination and exploitation and of the struggle of peoples for their liberation.

The meeting rose at 1.15 p.m.

8th meeting

Wednesday, 17 April 1974, at 3.20 p.m.

Chairman: Mr. Fereydoun HOVEYDA (Iran).

A/AC.166/SR.8

AGENDA ITEM 7

Study of the problems of raw materials and development (*continued*) (A/9544 and Add.1 and Add.1/Corr.1 and Add.2, A/9545, A/9546, A/9548, A/AC.166/L.1-5, A/AC.166/L.7-11; Conference Room Papers Nos. 1, 2, 4 and 4/Add.1 and 2)

CONSIDERATION OF THE DRAFT DECLARATION ON THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER (*continued*)

1. Mr. BERLIS (Canada) said that his delegation had submitted a written amendment, appearing in Conference Room Paper No. 4/Add.2, to paragraph 3 (*i*) of the draft

Declaration on the Establishment of a New International Economic Order. It sought thereby to reaffirm that the new international economic order must ensure the harmonious and balanced development of the international community as a whole. At the same time, it recognized that it was urgent and necessary to improve the terms of trade of the developing countries.

2. Mr. MIYAKE (Japan) said that he thought it would be difficult to link the prices of the products exported by the developing countries with those of the products which they imported, although he recognized the merit of the last part of subparagraph (*i*). As far as the drafting was concerned, there was insufficient time to set forth in detail the means of bringing about an improvement in the terms of trade.

For the sake of conciseness, his delegation had submitted in Conference Room Paper No. 4/Add.1 an amendment which would simply replace the existing text by the following: "Improvement of terms of trade for the developing countries".

3. Mr. MÜLLER-THUNS (Federal Republic of Germany) said that he subscribed to the principle that it was essential to try to ensure that the developing countries received a remunerative return on their exports, particularly raw materials and primary products. To that end, the Group of 77 had suggested the establishment of an indexation system. He feared that such a system, by reason of its rigidity, would either give rise to inflation on a world scale, since all prices would increase when the price of one product increased, or result in a slump in prices caused by over-production, or both. None of those eventualities was to be desired. A solution which would satisfy all concerned must therefore be found and he wished to propose on behalf of the European Economic Community the following text: "Striving for just and flexible relationships between the prices of raw materials . . . , with the aim of securing stable prices at levels remunerative to producers and equitable to consumers, while avoiding encouragement of structural oversupply, resort to substitute products or unnecessary economies in use."

4. The last part of that text should be familiar to the Committee, for, with some changes, it was drawn from resolution 73 (X) of the Trade and Development Board.¹

5. Mr. ABDENUR (Brazil) said that relations between the developed and the developing countries had always been disadvantageous to the latter. Their export earnings had constantly declined, while the prices of the products they had to import were constantly increasing. Currently there was a reversal of that trend in the case of certain products, but he warned the developing countries that the situation was due to the existing conjuncture: the increase in prices of the primary products in question resulted from the increase in consumption in the developed countries, which, according to some economists, was due to inflation. He earnestly hoped that the developed countries would succeed in overcoming their current difficulties, but not to the detriment of the expansion of the developing countries.

6. If a return to the previous existing situation was to be avoided, marked forces must not be allowed to operate without control. That which was the result of the existing conjuncture should be systematized and incorporated into the structure of trade relations between developing countries and developed countries, Brazil was striving by every possible means to protect the prices of its products, while consulting with the consumer countries. As far as its domestic policy was concerned, the Brazilian Government was encouraging the development of exports by fiscal measures and investments. It was also trying to contain inflation within Brazil, but unfortunately it was powerless to do so when the prices of the products it imported from the developed world were constantly increasing. There would be no new world economic order until the problem of the relationship between the prices of the developed

countries' exports and those of their imports was tackled. That was all the more necessary because developing countries—Brazil being a case in point—were trying to insulate the prices of their exports from domestically-originated inflation as a means of ensuring greater competitiveness and expanding their exports, while at the same time they kept paying higher and higher prices for their imports from developed countries.

7. Mr. CHADHA (India) said that the representative of Brazil had clearly defined the basic principle set forth in paragraph 3 (i), which consisted in correcting the inequalities which had characterized trade relations between developing countries and developed countries in the past. The representative of the Federal Republic of Germany had spoken of possible pitfalls in a system of price indexation. If there were any pitfalls, provision must be made to avoid them. In any case, it seemed to his delegation that the existing inequalities could not be allowed to continue. It would be only fair if, for example, when the price of the steel imported by India increased, the price of the iron ore it exported likewise increased, which had not been the case in the past.

8. The text of the amendments read out by the representative of the Federal Republic of Germany did not mention the need to improve the terms of trade of the developing countries. Moreover, the Group of 77 wanted to go beyond the principles set forth in resolution 73 (X) of the Trade and Development Board, for it was a whole new economic order which must be established.

9. Mr. FELIZ (Dominican Republic) said that the importance of paragraph 3 (i) was that it raised to the level of a principle the need to relate the prices of primary products to those of manufactured goods. As the representative of Brazil noted, until now the prices of the former had tended to decline while those of the latter had tended to increase. The economy of the developing countries was dependent on exports of primary products and it was vital for them to obtain fair prices.

10. His delegation was not entirely in agreement with the representative of the Federal Republic of Germany concerning the dangers of inflation. First, it should be noted that the draft Declaration did not propose a system but enunciated a basic principle. Secondly, it was not very likely that the application of that subparagraph would give rise to a situation that would be catastrophic for the world economy.

11. Mr. AL-CHALABI (Iraq) associated himself with the statement of the representative of Brazil. His delegation did not see how the existing situation could be remedied unless the prices of primary products were related to those of manufactured goods. As to the inflation which the European Economic Community feared, he observed that it was in the developed countries that the current inflation had originated and that it had been exported to the developing countries, to their great detriment. He therefore wholeheartedly supported the subparagraph submitted by the Group of 77.

12. Mr. MUTUMBO (Zaire) said that he did not yet wish to take a definite stand on subparagraph (i) but his

¹ Official Records of the General Assembly, Twenty-fifth Session, Supplement No. 15, part II, annex I, p. 208.

delegation would probably support the text submitted by the Group of 77. The export earnings of the developing countries must be sufficient to enable them at least to obtain the capital goods they needed.

13. Since the cost of energy and manpower was high, the developed countries had always done everything they could to obtain raw materials at the lowest possible prices. Thus the developing countries had borne the cost of the expansion of the developed countries. Zaire, for example, produced copper, the price of which for a number of years had remained at a relatively low level, and it had thus had great difficulty carrying out its development plans. The developing countries should be able to benefit from the general increase in prices. His delegation accordingly supported the subparagraph proposed in Conference Room Paper No. 1 and would wait until the text of the amendment submitted by the Federal Republic of Germany had been circulated before commenting on it.

14. Mr. JOSEPH (Australia) said that he subscribed to the general principle set forth in subparagraph (i) but was not entirely in agreement with it in detail. The text gave the impression that the developing countries were only exporters of primary products, the prices of which were low, and importers of manufactured goods, the prices of which were high. The text concluded that the prices of primary products must be related to those of manufactured goods in order to avoid squeezing the developing countries. It seemed to have been forgotten that the difficulties of the developing countries were caused not only by the fact that they had to pay high prices for manufactured goods but also by the fact that they had to pay high prices for certain primary products. That being the case, it would seem difficult to establish an import-export index in any scientific way.

15. Furthermore, his delegation thought it was incorrect to say that the terms of trade "had continued to deteriorate", for that had not been the case since the middle of 1972. His delegation would suggest, for example, that the wording "bringing about a sustained improvement of their terms of trade" might be used.

16. Mr. HINES (United States of America) said that he agreed with the observations of the representative of the Federal Republic of Germany on the question of indexation. The term "establishment" had connotations with regard to the role of Governments in international markets which caused problems for his delegation.

17. Mr. AL-EBRAHIM (Kuwait) said that the developing countries had striven to formulate a long-term strategy within the framework of the United Nations and the subparagraph under consideration was the result of those efforts.

18. The increase in prices of raw materials and primary products was a measure of protection against inflation but it was not the cause of inflation. The price of petroleum, for example, had remained stable for a number of years but that had not prevented the developed countries from experiencing inflation.

19. Mr. ARUEDE (Nigeria) said that paragraph 3 (i) was one of the most important passages in the draft Declaration. The imbalance in the terms of trade, which was to the disadvantage of the developing countries, was at the very heart of the problem that had brought Member States together in the special session. His delegation hoped that the spirit of co-operation being manifested in the plenary Assembly would also prevail in the *Ad Hoc* Committee. It was essential first of all that delegations should reach agreement on the principle; on the basis of that agreement, it would surely be possible to find a text which all could accept.

20. Mr. TARZI (Afghanistan) observed that throughout the years the prices of primary products had always been low by comparison with those of manufactured goods. What had happened was that the situation had recently become even worse, for the developing countries, whose needs were increasing, had seen the prices of their export products decline while those of their imports were increasing.

21. In addition, many tariff and non-tariff barriers had been erected, which had made the conditions of access to export markets even more difficult for them.

22. Finally, a country which exported primary products was always at a disadvantage owing to the fact that, even if prices rose, that increase had only a static effect on the economy, whereas in the case of manufactured goods price increases always had a dynamic effect on the economy.

23. Mr. LALOUX (Belgium) said that it should not be too difficult to find a compromise text on the point of issue, for everyone recognized that a problem existed and that the purchasing power of the developing countries must be prevented from deteriorating. However, the formulation should be flexible, for no one knew whether it was possible to settle the question of the relationship between the exports and imports of the developing countries without running the risk of institutionalizing inflation, causing over-production of certain items or encouraging substitutions which would be detrimental to the poor countries.

24. Thus any rigidity must be avoided, especially since the substance of the matter was being considered by the United Nations Conference on Trade and Development (UNCTAD), to whose secretariat the General Assembly had referred the question of price indexation (resolution 3083 (XXVIII)).

25. Mr. GARCIA BELAUNDE (Peru) said that while it was true that the prices of raw materials had been rising since the last quarter of 1972, it was an historical fact that the terms of trade had been unfavourable to the developing countries during the 1950s and 1960s. Too much attention should not be given to the market conditions now prevailing, since the current situation was a special one. The authors of the draft Declaration had sought to give formal recognition to what was already a well-known principle, namely the position of the developing countries must, in all justice and equity, be improved.

26. Mr. JANTON (France) said that the comments that had been made showed the complexity of the matter under

discussion. What was being sought was a text that would provide broad guidelines. In that connexion, he supported the amendment submitted by the representative of the Federal Republic of Germany to the extent that it met the concerns of the developing countries. However, all the speakers had pointed out that the Committee's task was not only to enunciate principles but also to develop machinery for giving them practical meaning. He recalled in that connexion that, in his statement of 10 April in the General Assembly (2209th plenary meeting), the French Minister for Foreign Affairs had suggested establishing an economic "observatory" under the authority of the United Nations with the task of following world transactions, recording the prices charged and publishing regularly weighted average prices. If that proposal was adopted, it would play an important role in giving practical effect to the principles which the Committee was trying to formulate at the current session.

27. Mr. LYNCH-SHYLLON (Sierra Leone) endorsed the view expressed by the representative of Nigeria, which in his opinion perfectly defined the essence of the problem, namely that the developed countries were becoming richer and richer while the developing countries were sinking further into poverty. For example, the price of iron ore, which his country exported, had barely increased over the past five years, while the price of steel had gone up 25 per cent during the same period. If the developed countries wanted to be fair and show a real spirit of co-operation, they must support the text as it stood.

28. Mr. BONNICK (Jamaica) said that he was opposed to the amendment submitted by the representative of the Federal Republic of Germany, which in his opinion tended only to weaken the text. He recalled that in its resolution 3083 (XXVIII) the General Assembly had requested "the Secretary-General of the United Nations Conference on Trade and Development to prepare, after consultations with the President of the International Bank for Reconstruction and Development, a comprehensive study of the indexation of prices of commodities produced in, and exported by, developing countries and to examine ways and means whereby unit prices of manufactured imports from developed countries and unit prices of exports from developing countries could be automatically linked". The Secretary-General of UNCTAD could perhaps submit a progress report on the matter to the Committee.

29. Mr. NIOUPIN (Ivory Coast) said that he regarded paragraph 3 (i) as one of the most important provisions in the draft Declaration, if not indeed the most important. The African Heads of State and Government had for years, at their Assemblies, been condemning the deterioration in the terms of trade, which was depriving African countries of the fruits of their labour. Since the beginning of the Committee's work, every delegation had recognized that all countries were bound by the ties of interdependence and that co-operation was essential. However, it must be fair co-operation, for the developing countries would otherwise be driven to despair. He concluded by expressing the hope that the principle set out in subparagraph (i), namely that the prices of primary products must keep pace with those of manufactured goods, would remain intact.

30. Mr. KANKA (Czechoslovakia) said that the amendment to paragraph 3 (j) submitted by the socialist countries (Conference Room Paper No. 4/Add.2), which was designed to strengthen the present text, required no explanation.

31. Mr. MIYAKE (Japan) said that the text of paragraph 3 (k) as it stood was neither well balanced nor comprehensive and proposed that it should be replaced by the following:

"Ensuring that the international monetary system aims at attaining the stable and harmonious development of the world economy as a whole with due consideration to the needs of the developing countries in particular".

32. Mr. MACKENZIE (United Kingdom), referring to the original text of subparagraph (k), said that he was troubled by the words "primarily geared to" since he felt that the new international monetary system must satisfy everyone and not a particular group of countries. He therefore felt that an amendment was called for and welcomed the Japanese representative's proposal.

33. Mr. BERLIS (Canada) said he also felt that international monetary reform must be carried out in the interests of all countries, it being understood that special care should be taken to meet the needs of the developing countries. His Government actively supported the work being done by the International Monetary Fund's Committee of 20² in that regard. Since the reform must be universal in character and that was precisely the objective of the amendment proposed by the representative of Japan, his delegation supported that amendment.

34. Mr. RUGGIERO (Italy) said he thought that the Japanese amendment should be acceptable to everyone. It took account, on the one hand, of the fact that the new system must enable all countries to develop in harmony and stability and, on the other hand, of the fact that the developing countries must receive special attention.

35. Mr. HINES (United States of America) associated himself with the United Kingdom representative in expressing reservations regarding the words "primarily geared to" and in welcoming the Japanese representative's amendment.

36. Mr. JOSEPH (Australia) said that he also supported the Japanese amendment.

37. Mr. CHADHA (India), referring to the reservations expressed by the representatives of the United Kingdom and the United States, acknowledged that the text of subparagraph (k) might call for some improvement on that point, for he was certain that the authors did not mean to suggest that the new international monetary system should ignore any group of countries. The fact remained, however, that the Japanese amendment was unsatisfactory, since it did not place sufficient emphasis on the needs of the developing countries, the phrase "with due consideration" being too vague. What the subparagraph should say was that

² *Ad Hoc* Committee of the Board of Governors on Reform of the International Monetary System and Related Issues.

the interests of the developing countries must receive far more attention than in the past.

38. Mr. GARCIA BELAUNDE (Peru) said he thought that the United Kingdom representative's point was well known. The reform of the international monetary system must meet the needs of the entire international community and must, at the same time, be directed towards promoting the development of the developing countries. However, the Japanese amendment did not appear to take that second point sufficiently into account.

39. Mr. BALDE (Guinea) said that, while he did not deny that the reform of the monetary system must be beneficial to everyone, it should be pointed out that the purpose of the current session was to rectify an unfair system which was harmful to the developing countries. The latter had never been consulted on decisions which had had an unfavourable economic impact on them. He did not see why the industrialized countries should be shocked by the phrase "primarily geared to", which seemed to him fully justified in that it reflected an undeniable fact, namely that there was at present no justice in relations between the developed and the developing countries. The text prepared by the Group of 77 was very soberly and clearly presented. If a compromise was to be arrived at, at least a minimum amount of tolerance must be shown, for otherwise the developing countries would have no alternative but to seek justice for themselves.

40. Mr. ROMERO (Colombia) said he agreed with the Indian representative that the text of subparagraph (*k*) could be improved. In his opinion, the Bretton Woods agreements had not taken the needs of the developing countries into consideration. The World Bank and the International Monetary Fund had been set up for the purpose of rehabilitating the economies of the European countries and Japan. The result had been to enable those countries to make so successful a comeback that they were now competing with the United States. The same opportunity must be given to Asia, Africa and Latin America.

41. Mr. AL-CHALABI (Iraq) said that he fully supported the text of subparagraph (*k*), prepared by the Group of 77, and observed that when there were monetary fluctuations and realignments it was always the developing countries that suffered as a result. No one was seeking to harm the interests of the developed countries; the aim was simply to rectify a system which handicapped the developing countries. He proposed adding the following words at the end of the subparagraph: "and consequently harmonizes the development of the whole world economy".

42. Mr. TREU (Austria) said that the spirit and the aims of the draft Declaration prepared by the Group of 77 should be preserved to the greatest possible extent. At the point at which the debate stood, however, that spirit seemed to be lacking. What was at issue was to give practical effect to the ideas put forward with regard to monetary reform, but even the broad outlines of such a reform were hardly visible as yet. The Japanese amendment stated that the new system must serve the world economy as a whole, which comprised widely differing economic systems; he fully subscribed to that view, but at the same time he appreciated the fact that many delegations wanted

a specific statement to the effect that the special interest of the developing countries must be taken into account.

43. Mr. KASEMSRI (Thailand) wondered at the fact that the developed countries had so promptly come out in support of the Japanese proposal. He himself could not endorse it, since it did not take sufficient account of the interests of the developing countries. While it might be true that the phrase "primarily geared to" was not a very good choice, it was quite clear what was meant. The aim was to ensure that the industrialized countries did not make the developing countries pay the cost of an inflation for which the industrialized countries alone were responsible.

44. Mr. KINYATA (Uganda) said he did not think that any changes should be made in the wording of subparagraph (*k*). The current international monetary system had caused great harm to the developing countries, and if the situation was to be corrected it was essential that the new international monetary system should be "primarily geared to the promotion of development of the developing countries". The Japanese amendment was therefore unacceptable.

45. Mr. TARZI (Afghanistan) said that the wording of subparagraph (*k*) reflected the fears of the developing countries, which had not taken part in the creation of the existing monetary system but had suffered the most because of its weaknesses and feared that the same situation would come about when a new monetary system was devised. The subparagraph could perhaps be supplemented by stating that the developing countries must participate fully in international monetary negotiations.

46. Mr. M ÜLLER-THUNS (Federal Republic of Germany) supported the amendment submitted by the Japanese delegation, which improved the balance of the text and gave due consideration to the needs of the developing countries.

47. Mr. PAQUI (Dahomey) said that his delegation did not reject out of hand amendments to the text of paragraph 3 (*k*) proposed by the Group of 77. The Japanese representative's proposal was interesting in so far as it sought to link together the interests of all countries. It could, however, be improved by a reference to "the promotion of development of the developing countries", rather than to their "needs".

48. Mr. MEHDI (Pakistan) said it was not the intention of the authors to exclude any country or group of countries from the benefits of international monetary reform. The reform of the monetary system should be aimed at providing numerous benefits to all countries; one of the many things that the reform would do would be to lend impetus to development. In the attainment of that particular objective, the developing countries felt that the reform should be primarily devoted to the promotion of their development. However, if it was felt in some quarters that the wording of the paragraph should be amended, he hoped that that preoccupation of the developing countries would continue to be clearly reflected.

49. Mrs. HO Li-liang (China) said that the current monetary system was manipulated and controlled by the industrialized countries to the detriment of the developing

countries. For that reason, the latter had been urging reform for some years. As the Vice-Premier of the State Council of China had emphasized in the general debate (2209th plenary meeting), all countries, whatever their size and their level of development, should be on an equal footing, and international economic affairs should be governed by all and not by one or two super-Powers. Her delegation therefore felt that all developing countries were entitled to participate fully in all international negotiations, whether on monetary, commercial or other questions. Consequently, if subparagraph (*k*) was to be amended, the sole purpose should be to strengthen it and in no way to weaken it. The new international system should be aimed above all at development of the developing countries.

50. Her delegation would point out that some of the specialized agencies, including the International Monetary Fund, had not yet implemented General Assembly resolution 2758 (XXVI) restoring to the People's Republic of China its lawful rights. That situation was intolerable.

51. Mr. RUGGIERO (Italy) said that he whole-heartedly supported the amendment to paragraph 3 (*k*) submitted by the Japanese delegation; it was not inconsistent with the original text, but had the merit of placing it in a more balanced perspective. It was only by taking into account the interests of all countries, especially those which found themselves in a difficult situation, that the stable and harmonious development of the world economy as a whole could be assured. His delegation was pleased to note that the Japanese amendment appeared to be of interest to a number of delegations.

52. Mrs. DERRE (France) said that her country, which had been one of the first to call for the participation of the developing countries in international monetary reform and to welcome their participation in the Committee of 20, fully recognized the necessity of taking the needs of the developing countries into account in the elaboration of international monetary reform. If a lasting balance was to be achieved, however, account must also be taken of the interests of the entire international community. Her delegation therefore preferred the text proposed in the Japanese amendment.

53. Mr. ARUEDE (Nigeria) said that the fears implicit in the amendment submitted by the Japanese delegation were unfounded; it would be impossible for any international monetary system not to take the interests of the developed countries into account. The slightest monetary difficulties for those countries were anticipated by the International Monetary Fund. The fears of the developing countries, on the other hand, were much more justified. Over the years, they had come to realize that it was not enough simply to ask that account should be taken of their interests. The wording proposed by the Japanese representative would therefore be much too weak.

54. The CHAIRMAN noted that there appeared to be no real conflict of principle among the various schools of thought. Since really all that was involved was a question of drafting, the representative of Japan and any interested delegations could meet to prepare a text acceptable to all.

55. Mr. KASEMSRI (Thailand) said that he unreservedly supported the wording of paragraph 3(*l*).

56. Mr. FURULYÁS (Hungary), speaking on behalf of the group of socialist countries, proposed the addition of the words "whenever feasible" at the end of paragraph 3 (*m*), in order to make the text more positive and realistic. There were some fields of international economic co-operation in which it was not feasible, for technical reasons, to offer preferential and non-reciprocal treatment to all developing countries. He was thinking, for example, of the field of health.

57. Mr. MACKENZIE (United Kingdom) supported the amendment proposed by the socialist countries but said that he would prefer to render the same idea with the words "in all feasible fields of international economic co-operation".

58. In addition, so as not to prejudice the work of expert bodies which were currently dealing with the question, the word "guaranteeing" might be replaced by "extending".

59. Mr. CARANICAS (Greece) pointed out to the representative of Hungary that there were not really any technical obstacles to the granting of preferential treatment and that it was always possible to settle each individual case separately. The Hungarian amendment was therefore unnecessary.

60. He would like the representative of Japan to explain what was meant by the word "appropriate" in his delegation's amendment to paragraph 3 (*m*) (see Conference Room Paper No. 4/Add.2).

61. Mr. BALDE (Guinea) proposed the insertion of the word "generalized" before the word "preferential" in subparagraph (*m*). Countries which used a system of preferences had always tried to bar certain countries or certain products from the system. The phrase "generalized preferential . . . treatment" would therefore give broader meaning to the subparagraph.

62. Mr. ARUEDE (Nigeria) observed that subparagraph (*m*) enunciated a principle. It would no longer be a principle if it was hedged about with reservations and restrictions. For that reason, his delegation could not accept the Japanese amendment. It could, however, accept the United Kingdom amendment replacing the word "guaranteeing" by the word "extending".

63. Mr. MÜLLER-THUNS (Federal Republic of Germany) supported the amendment submitted by the Japanese delegation, which injected a note of realism into the original text and made it possible to take account of the fact that certain things were unfeasible; the generalized system of preferences and the most-favoured-nation clause, for example, were irreconcilable. The purpose of subparagraph (*m*) was to enunciate a principle, and it would be for expert bodies to work out the details of its practical implementation.

64. Mr. REBAGLIATI (Argentina) said that the principle enunciated in paragraph 3 (*m*) was one of the pillars of the new international order which was being sought, and its importance was probably underestimated in some quarters. It was impossible to remedy inequities without instituting a system of non-reciprocal preferences.

65. Needless to say, the idea contained in the amendment submitted by the socialist countries in Conference Room Paper No. 4/Add.2 was implicit in the original text; it was not a question of demanding the impossible. The alternative proposed by the United Kingdom representative was acceptable to his delegation. On the other hand, it could not accept the word “appropriate” suggested by the representative of Japan, since that word was subjective and weakened the scope of the principle. In view of the importance of the principle, his delegation suggested that subparagraph (*m*) should be placed after subparagraph (*b*), which referred to co-operation of all the Member States of the international community.

66. Mr. JOSEPH (Australia) said he was rather surprised to see that the authors of the text had not included the idea of non-discrimination, which, since the second Ministerial Meeting of the Group of 77 at Lima in November 1971, had to some extent been inseparable from the notions of preference and non-reciprocity. With those three principles in mind, the developing countries had gone to Tokyo for the Ministerial Meeting of the Contracting Parties to the General Agreement on Tariffs and Trade, in September 1973, and had left with a text very similar to the Japanese amendment currently before the Committee. It was probably logical that they should try to obtain more, but the wording proposed in subparagraph (*m*) seemed unduly categorical and difficult to accept, in that it provided for preferential treatment to apply to all countries, all products and all fields of international economic co-operation. It was difficult, at least for Australia, to undertake unequivocally to grant the same preferential treatment, without discrimination, to all developing countries, since the situation of the latter changed very rapidly and the differences between

them were constantly growing. Nor could preferential treatment cover all fields of international economic co-operation; as pointed out by the representative of Hungary, there were technical reasons which might prevent its application in certain fields. His delegation considered that the Tokyo declaration continued to be the basis for negotiations.

67. Mr. AIT-CHAALAL (Algeria) said that the principle of preferential and non-reciprocal treatment was an essential element of the new structure which the international community wished to establish. That principle was already recognized by some international organizations and groups; the Heads of State or Government of the non-aligned countries had also adopted it at their fourth Conference, held at Algiers in September 1973. It seemed to his delegation that one could hardly enunciate that principle and then proceed to restrict its scope and content. The practical application of the principle did not really pose any problems; there was nothing to prevent each individual case from being dealt with separately.

68. Mr. TARZI (Afghanistan) said that the generalized system of preferences, which had been intended to provide assistance to the developing countries through international trade relations, had been applied in practice only to a limited extent. It was now necessary to go further.

69. His delegation would like the meaning of the phrase “all fields of international economic co-operation” to be clarified.

The meeting rose at 6 p.m.

9th meeting

Thursday, 18 April 1974, at 11 a.m.

Chairman: Mr. Fereydoun HOVEYDA (Iran).

A/AC.166/SR.9

AGENDA ITEM 7

Study of the problems of raw materials and development (*continued*) (A/9544 and Add.1 and Add.1/Corr.1 and Add.2, A/9545, A/9546, A/9548, A/AC.166/L.1/Rev.1, A/AC.166/L.2-17; Conference Room Papers Nos. 1, 2, 4 and 4/Add.1-3)

CONSIDERATION OF THE DRAFT DECLARATION ON THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER (*continued*)

1. Mr. ARVESEN (Norway), speaking as Chairman of the Contact Group established to study how the suggested amendments could be embodied in the draft Declaration on the Establishment of a New International Economic Order (see Conference Room Paper No. 1), said he was disappointed to have so little progress to report. The contact group had held two meetings, in the course of which it had

discussed the preamble to the draft declaration, without reaching full agreement, and had approved one sentence of paragraph 1.

2. The CHAIRMAN said that he would consider ways of expediting the work of the contact group and would submit suggestions to the *Ad Hoc* Committee at a later date.

3. Mr. OTAKA (Japan), replying to a question put at the preceding meeting, said that he had used the words “where this is feasible and appropriate” in his amendment to paragraph 3 (*m*) (see Conference Room Paper No. 4/Add.2) because, although it was sometimes feasible to guarantee preferential and non-reciprocal treatment to developing countries, it was not always appropriate to do so; the countries themselves should be allowed to decide whether such treatment met their special needs. Furthermore, the same wording had been adopted without objection by the General Assembly in its resolutions 3085 (XXVIII), on

multilateral trade negotiations, and 3176 (XXVIII), on the first biennial review and appraisal of the International Development Strategy for the Second United Nations Development Decade.

4. Mr. ABDENUR (Brazil) agreed with previous speakers that what was at stake in subparagraph (*m*) was a basic principle of international co-operation: developing countries must be guaranteed preferential and non-reciprocal treatment if their international trade difficulties were to be overcome. After careful consideration of all the amendments proposed, with particular attention to those submitted by developed countries, he had come to the conclusion that they should all be rejected. Instead of tinkering with the current economic order by introducing minor improvements, what was wanted was sweeping changes which would ensure better treatment for the developing countries not only in one area but throughout all areas of international trade. The Japanese amendment would merely blunt the impact of the principle laid down by the Group of 77 in the draft Declaration.

5. Mr. FURULYÁS (Hungary), speaking on behalf of the group of socialist countries, said that they had submitted the amendment adding the words "whenever feasible" in paragraph 3 (*m*) (see Conference Room Paper No. 4/Add.2) for a definite purpose. They were in favour of granting preferential treatment to developing countries, and had in fact been doing so themselves for many years. They had attempted to get the principle accepted at the first and second session of the United Nations Conference on Trade and Development (UNCTAD) but had been unsuccessful for reasons that were well known. The amendment to the draft Declaration was intended to make the proposal more concrete and specific.

6. Mr. MÜLLER-THUNS (Federal Republic of Germany), speaking on behalf of the States members of the European Economic Community, said that one of the aims of the Community was to improve the access of developing countries to markets and to promote a division of labour which would lead to a diversification of the production of those countries. Such an aim could not be achieved without international economic co-operation. A generalized system of preferences had therefore been introduced by the Community in 1972. The wording of subparagraph (*m*) as it stood did not make it clear that such a system of preferences should be applied for the benefit of both the developed and the developing countries. He therefore proposed that the wording should be replaced by the following: "Establishment of a mutually acceptable, non-reciprocal and non-discriminatory generalized system of tariff preferences".

7. The CHAIRMAN observed that it was very late for the introduction of new amendments and urged delegations to refrain from proposing any more changes.

8. Mr. LALOUX (Belgium) said that he fully sympathized with the Chairman in his difficult task. Nevertheless, he wished to state that his delegation would have further amendments to submit at a later date, in accordance with the principle of flexibility which the Chairman had said would be observed.

9. Mr. OTAKA (Japan) drew attention to an error in the wording of the Japanese amendment to subparagraph (*n*) (see Conference Room Paper No. 4/Add.2) and said that the word "development" should be replaced by the word "resources".

10. Mr. DRISS (Tunisia) observed that there was little difference in meaning between the Japanese amendment and the original text of subparagraph (*n*). A compromise text might be worked out by the Group of 77 and the Japanese delegation.

11. Mr. AL-CHALABI (Iraq) asked whether, in the original text, the words "Securing favourable conditions for the transfer of financial resources" was meant to refer to the transfer of resources by the developed countries and the international community to the developing countries. The text did not seem sufficiently specific and should be amended to make that point clear.

12. Mr. DRISS (Tunisia) felt that the meaning of subparagraph (*n*) was sufficiently clear for it not to need any amendment.

13. Mr. KINYATA (Uganda) said that the subparagraph was clear in the light of the discussions in the Group of 77. The thought present in the minds of the drafters had been that there were many sources from which financial resources might be transferred to the developing countries, and they included not only the developed countries but also some developing countries. It had therefore been deemed prudent not to word the text too explicitly, so that as many sources as possible should be covered. In his view, no changes should be made to the original text. The important point, in any event, was the securing of favourable conditions for the transfer. In that connexion, he noted that the Japanese amendment used the word "promoting" instead of "securing", which made the text less forceful. He suggested that both words should be used—"promoting and securing"—followed by the rest of the original text.

14. Mr. KABORÉ (Upper Volta), supported by Mr. BALDE (Guinea), suggested that the question should be referred to the Group of 77.

15. Mr. TREU (Austria) said that the original text of paragraph 3 (*n*) should remain unchanged; as it stood, it covered all the points explained by the representative of Uganda. As the latter had said, the important point was the conditions on which the transfer was to take place, and that meant not only the financial terms of the transfer but the atmosphere of international co-operation which should surround it.

16. Mr. AL-CHALABI (Iraq) said he was still dissatisfied with the text. The special session had been convened to create a new economic order and to remove the iniquities of the old system, which had forced the developing countries to contribute to the enrichment of the developed countries while they themselves continued to live in poverty. The main responsibility for changing the system and improving the lot of the developing countries obviously lay with the developed countries, which had profited from the old system at the expense of the developing countries.

He wished to propose an amendment to make that point clear. After the words “transfer of financial resources” in the original text, the following words should be inserted: “from the developed countries and from regional and international institutions”.

17. Mr. KANE (Mauritania) felt that the Group of 77 would be a more appropriate forum for the discussion of that amendment.

18. The CHAIRMAN suggested that subparagraph (*n*) should be the subject of informal consultations.

It was so decided.

Mr. Arvesen (Norway), Vice-Chairman, took the Chair.

19. Mr. OMAR (Libyan Arab Republic) suggested that the words “within the framework of a policy promoting the attainment of full employment” should be added at the end of paragraph 3 (*o*).

20. Mr. DRISS (Tunisia) said that the term “indigenous technology” was very vague and should be made clearer.

21. Mr. GORITZA (Romania) drew attention to his delegation’s amendment to subparagraph (*o*), which appeared in Conference Room Paper No. 4/Add.2.

22. Mr. VALDES (Bolivia) supported the Romanian amendment.

23. Mr. SIMPSON (Ghana) suggested that the words “in a form and manner relevant to their economies” should be added at the end of subparagraph (*o*).

24. Mr. FERGUSON (United States of America) said that his delegation could support the subparagraph in its present form. It sympathized with the spirit of the Libyan and Ghanaian amendments, but it must be remembered that the transfer of technology often involved capital-intensive rather than labour-intensive innovations; indeed, the fundamental purpose was to substitute modern technology for labour-intensive activities. It was for the recipient Governments themselves, not the international community, to decide whether the introduction of a new technique promoted full employment or accorded with their national priorities.

25. Mr. DRISS (Tunisia) thought that the point made by the representative of the United States amounted to an objection of principle. The Libyan and Ghanaian amendments strengthened the subparagraph by expressing the concern of the developing countries for full employment. They were not restrictive, however, and they could be interpreted in different ways. The purpose of the transfer of technology was to create the wealth which would in turn create employment.

26. Mr. VIERA (Cuba) suggested that the Libyan and Ghanaian amendments should be discussed informally in the Group of 77. The intention of paragraph 3 (*o*) was to ensure the transfer of technology and the creation of indigenous technology “for the benefit of the developing countries”. Accordingly, access to technology should not be limited in any way.

27. Mr. OLIVERI LOPEZ (Argentina) endorsed the comments made by the representative of Cuba and supported the Romanian amendment. He noted that the creation of indigenous technology would depend on the stage of development of a given country.

28. The CHAIRMAN drew attention to the Romanian amendment to paragraph 3 (*p*) (see Conference Room Paper No. 4/Add.2).

29. Mr. PAQUI (Dahomey) said that his delegation could accept the subparagraph as it stood, but had no objection to the Romanian amendment.

30. Mr. GORITZA (Romania) requested that subparagraph (*p*) should be taken up at a later stage, since his delegation was holding consultations with a number of other delegations concerning its amendment.

31. The CHAIRMAN drew attention to the Peruvian amendment to paragraph 3 (*q*) (see Conference Room Paper No. 4/Add.3).

32. Mr. BERLIS (Canada) noted that it was inherent in the United Nations Charter, in the International Development Strategy for the Second United Nations Development Decade (resolution 2626 (XXV)) and in all the work of the Economic and Social Council that development must include not only economic growth but social progress. The need for integrated economic and social development was accepted as fundamental to the advancement of mankind and to the United Nations contribution to that advancement. A document as important as the Declaration should acknowledge that fact. Accordingly, the words “economic and social” should be inserted before the word “development” in subparagraph (*q*).

33. Mr. CHADHA (India) endorsed the comments made by the representative of Canada. The authors of the draft Declaration of course understood “development” to mean “economic and social development”, but there was reason why it should not be spelt out.

34. His delegation felt that the Peruvian amendment should appear as a separate subparagraph. It would comment on the wording of it in the informal drafting meetings.

35. Mr. DRISS (Tunisia) endorsed the comments made by the representative of Canada and the Indian suggestion concerning the Peruvian amendment.

36. His delegation thought that the new subparagraph proposed by Romania to follow subparagraph (*q*) (see Conference Room Paper No. 4/Add.2) should appear in the draft Programme of Action rather than in the draft Declaration.

37. Mr. YUSUF (Somalia) said that his delegation shared the Canadian view. The bottle-neck in the implementation of development projects was often due to a shortage of manpower. The addition of the words “economic and social” in paragraph 3 (*q*) would cover that point.

38. He agreed with the representative of Tunisia that the new subparagraph proposed by Romania should appear in the draft Programme of Action.

39. Mr. KINYATA (Uganda) agreed that the word "development" might be understood to mean only economic development. But the inclusion of the words "economic and social" might be equally misleading, in view of the reference to the need for developing countries to "concentrate all their resources"; there were in fact many other fields of development. It would be better, therefore, not to qualify the word "development".

40. Mr. CZARKOWSKI (Poland) said that his delegation endorsed the Peruvian amendment but felt that its subject-matter was so important that it should appear as a separate subparagraph, as the representative of India had suggested.

41. Mr. OLIVERI LOPEZ (Argentina) said that his delegation supported the Canadian proposal in principle but felt that the representative of Uganda had made a valid point. Perhaps subparagraph (q) should refer to "integrated development".

42. His delegation agreed that the new subparagraph proposed by Romania should appear in the draft Programme of Action.

43. Mr. POLEZHAEV (Union of Soviet Socialist Republics) suggested that the Peruvian amendment should be incorporated in the preamble to the draft Declaration. Perhaps the matter should be referred to the working group which was discussing the preamble.

44. The CHAIRMAN said that at present no working group was discussing the preamble, but the contact group might be reconvened at a later stage for that purpose. There was clearly a need for subparagraph (q) to be discussed further in informal consultations.

45. Mr. SALEM (Jordan) said that his delegation understood the word "resources" to mean "human and natural resources" and did not, therefore, think that the word "concentrate" was suitable. He suggested that the subparagraph might be worded "the need for developing countries to make the optimum use of all their resources in the service of integrated and comprehensive development".

46. Mr. CHOU Nan (China) said that his delegation objected to the inclusion of references to controversial or political matters which were not directly related to the subject of the draft Declaration.

47. His delegation would take part in informal discussions on the amendments.

48. Mr. VIERA (Cuba) supported the Peruvian proposal, which it considered non-controversial. Consultations were required only to determine where in the draft Declaration the Peruvian proposal should be inserted.

49. Mr. UDOVENKO (Ukrainian Soviet Socialist Republic) said that, although he supported the Peruvian amendment in principle, he felt that it could be further amended to read along the following lines: "All countries should

actively promote the achievement of general and complete disarmament through effective measures. The resources that might be released as a result of those measures should be used for economic and social development, particularly that of the developing countries."

50. Mr. SHUKE (Albania) said that, although his delegation understood the aspiration of the developing countries, views on disarmament differed and it would be difficult to reach a consensus. Accordingly, the Peruvian amendment should not be adopted.

51. Mr. GUILLEN (Peru) said it was his understanding that amendments were being discussed in a broad context in which various documents, including the International Development Strategy, were relevant. His delegation maintained its amendment. It would welcome the opportunity to consult with other delegations regarding the wording of it.

52. Mr. AL-EBRAHIM (Kuwait) said that his delegation supported the Jordanian amendment and was opposed to the others, which were unnecessary.

53. Mr. YUSUF (Somalia) suggested that, since the subject-matter of subparagraphs (q), (r) and (s) related only to developing countries, they should be discussed in the Group of 77.

54. Mr. DRISS (Tunisia) said that, although the draft Declaration had been prepared by the Group of 77, the members of that Group wished to hear the views of other delegations in order to be able to reformulate the text in a spirit of compromise.

55. Mr. BAGBENI (Zaire) said that during the informal consultations it would have to be determined whether the Peruvian amendment to paragraph 3 (q) would in fact be included, as it had not attracted a consensus.

Mr. Hoveyda (Iran) resumed the Chair.

56. Mr. GORITZA (Romania) said that he trusted that, in the light of the Tunisian representative's suggestion earlier in the discussion, the amendment which his own delegation had proposed as a new subparagraph after subparagraph (q) would be considered when the Committee discussed the draft Programme of Action.

57. Mr. FELIZ (Dominican Republic) said that paragraph 3 (r) clearly reflected the importance of economic integration and embodied a principle which the international community should strongly support. The importance of the principle had been emphasized in various United Nations forums; in that connexion, he drew attention to paragraph 34 of the report of the Committee for Industrial Development on its fourth session.¹

58. Mr. LALOUX (Belgium) proposed that the words "on a preferential basis" in subparagraph (r) should be deleted. It was not in the interest of the developing countries to specify that all the measures referred to in the subparagraph

¹ Official Records of the Economic and Social Council, Thirty-seventh Session, Supplement No. 6 (E/3869).

should be taken on a preferential basis, since other terms might also be applicable.

59. Mr. SALIM (Jordan) said that, if the words “and integrated” were inserted after the word “collective”, it would be unnecessary to include the words “on a preferential basis”, since it would be understood that the actions in question should be taken on a preferential basis.

60. Mr. CHADHA (India) said that he could not accept the Belgian amendment, for deletion of the words “on a preferential basis” would mean omitting an important means of co-operation for the developing countries.

61. Mr. KITCHEN (United States of America) noted that recent action within the framework of the General Agreement on Tariffs and Trade had advanced the cause of strengthening mutual co-operation among the developing countries in economic, trade and financial matters. He hoped that subparagraph (*r*) could be redrafted in order to avoid undermining the current multilateral trade negotiations, in which new trade arrangements were under discussion.

62. Mr. BAGBENI (Zaire) drew attention to his delegation’s statement in the General Assembly (2215th plenary meeting) and said that the time had come for the developing countries to move from mutual co-operation through horizontal ties to mutual co-operation through vertical ties. Such co-operation could be achieved only on a preferential basis. He was surprised that reservations were being expressed by representatives of countries which were currently strengthening co-operation among their own regional groups. Accordingly, the phrase “on a preferential basis” must be retained.

63. Mr. TREU (Austria) felt that the developing countries should be able to decide which option they considered appropriate in a given case. Accordingly, he proposed that the words “where appropriate” should be inserted before the words “on a preferential basis”.

64. Mr. BELLIZZI (Malta) suggested that the word “individual” should be replaced by the word “bilateral”.

The meeting rose at 12.55 p.m.

10th meeting

Thursday, 18 April 1974, at 3.25 p.m.

Chairman: Mr. Fereydoun HOVEYDA (Iran).

A/AC.166/SR.10

In the absence of the Chairman, Mr. Kułaga (Poland), Vice-Chairman, took the Chair.

AGENDA ITEM 7

Study of the problems of raw materials and development (*continued*) (A/9544 and Add.1 and Add.1/Corr.1 and Add.2, A/9545, A/9546, A/9548, A/AC.166/L.1/Rev.1 and Corr.1, A/AC.166/L.2-17; Conference Room Papers Nos. 1, 2, 4 and 4/Add.1-3)

CONSIDERATION OF THE DRAFT DECLARATION ON THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER (*continued*)

1. Mr. OTAKA (Japan) said that his delegation had submitted an amendment (see Conference Room Paper No. 4/Add.2) to paragraph 3 (*s*) of the draft Declaration because it believed that the strengthening and expansion of commodity arrangements, in which both developed and developing countries would participate, would be more likely to contribute to a stable and harmonious development of the world economy than the establishment of producers’ associations.

2. Mr. LATTANZI (Italy) said that he was surprised to hear most delegations extolling the merits of co-operation and dialogue when subparagraph (*s*) showed, in his opinion, more a spirit of confrontation than of co-operation. He

therefore suggested that the subparagraph should be deleted.

3. Mr. BERLIS (Canada) said it was incorrect to give the impression that only developing countries were producers of raw materials. Canada was both an exporter and an importer of raw materials. Consequently, both developed and developing countries, both producers and consumers, must participate in all consultations on problems relating to the primary commodities market. Paragraph 3 (*s*) should therefore be amended accordingly.

4. Mr. ABDENUR (Brazil) said he was pleased to note that the developed countries agreed that more must be done regarding trade in primary commodities. From that standpoint, the amendment submitted by the Japanese delegation was of interest. In the current context, however, the point was not, as indicated in that amendment, to encourage arrangements in respect of primary commodities, but to recognize the right of developing countries to form associations in order to defend their exports. Recognition of that right in no way implied a confrontation with the interests of developed countries. It was merely a first step prior to the establishment of international arrangements. Subparagraph (*s*) should therefore be retained as it stood.

5. Mr. KIPPER (Federal Republic of Germany) agreed with the representative of Italy that it would be better to delete paragraph 3 (*s*).

6. Mr. SALEM (Jordan) suggested that, in order to allay the fears of those who saw a possible confrontation in the wording of the subparagraph, a sentence should be added stating that producers' associations were an ideal framework for a dialogue with a view to establishing arrangements in respect of primary commodities.

7. Mr. GOWA (Uganda) pointed out that, up to that moment, the developing countries had never presented a united front to defend their rights and to obtain fair prices for their exports. The purpose of paragraph 3 (s) was, therefore, to recognize the right of those countries to form associations in order to facilitate discussion and the establishment of arrangements in respect of primary commodities. There was nothing in that to cause fears of a confrontation between producers and consumers.

8. It was true that some developed countries were also producers of raw materials, but the subparagraph in no way limited their right also to form associations if they so desired. He therefore believed that the wording of subparagraph (s) should remain as it stood.

9. Mr. AIT-CHAALAL (Algeria) said that he fully agreed with the representative of Uganda. It had been argued that subparagraph (s) was contrary to the spirit of dialogue. On the contrary, there could be no real dialogue except between parties who were on an equal footing. From that standpoint, subparagraph (s), which was intended to enable small producing countries to form associations in order to negotiate as equals with the highly developed consumer countries, permitted a real dialogue aimed at finding solutions of benefit to all.

10. Mr. BAGBENI (Zaire) said that the amendments proposed to subparagraph (s) showed how determined some countries were that the producing countries should remain divided. Naturally, the latter could form associations without going through the existing process, and indeed there were already associations of producing countries for some commodities, for example petroleum. The very fact that that principle was being submitted for approval by the General Assembly was a clear demonstration of the developing countries' desire for dialogue and co-operation. Furthermore, in wishing to form associations and co-operate among themselves, the developing countries were only following a trend that was common throughout the world.

11. Mr. DOMINGUEZ (Venezuela) said that he entirely agreed with the representatives of Zaire and Algeria and believed that subparagraph (s) should remain as it stood. The Japanese amendment could form a separate subparagraph.

12. Mr. CHABALA (Zambia) said that those who wished to delete subparagraph (s) should understand that the establishment of producers' associations was in no way directed against consumers, but was in fact intended to serve the interests of all. He did not, of course, deny the merits of international arrangements in respect of primary commodities.

13. Mr. AL-MAHDI (Iraq) agreed that subparagraph (s) should be retained as it stood. The terms of trade had for

long been deteriorating for the developing countries, and the establishment of producers' associations was one means of correcting that situation. Far from creating confrontations, such associations would help to improve the climate of co-operation.

14. Mr. CHOU Nan (China) said that developing countries were perfectly entitled to form producers' associations in order to protect their interests. His delegation therefore believed that subparagraph (s) should be retained as it stood.

15. Those who opposed the idea expressed in that subparagraph displayed a strange sense of logic. For example, in a plenary meeting of the General Assembly, the representative of one of the super-Powers had made thinly veiled threats against any producing countries that might dare to band together in associations. What that meant was that monopolies could control the market and raise their prices at will but developing countries did not have the right to try to form a united front. The same super-Power believed that prices should be fixed by both producing countries and consumer countries; such co-operation strongly resembled that between a horseman and his mount. At the same time, the super-Power in question tried to take advantage of temporary differences among the developing countries in order to sow discord so as to preserve an economic order based on inequality and the exploitation of others.

16. Mr. LALOUX (Belgium) pointed out that the solution of problems concerning primary commodities required both the participation of all the countries primarily concerned and an awareness of all the factors affecting the economy of the commodity in question, namely, production and consumption.

17. Consequently, it was necessary to improve and strengthen dialogue and co-operation between producers and consumers of each commodity. Such dialogue would certainly be facilitated if the attitudes of both were specified in terms of the distinction between producers and consumers and if the same right was recognized for both. It was that quite natural distinction which operated in the different international organizations that managed commodity arrangements. However, it was not identical with the distinction between developed and developing countries. For example, the recently established International Bauxite Association included both developed and developing producer countries.

18. No one could deny the right of association of any country whatever, and it was therefore in no way necessary to make a principle out of an option, which every country, producer or consumer, had always had and had often exercised, to seek and arrive at an arrangement with other countries with which it believed it had common interests.

19. In any event, if the idea expressed in paragraph 3 (s) was to be retained, it should be supplemented by the concept of parallel encouragement of arrangements between consumer countries, developed and developing, in order to balance that so-called principle.

20. The interests involved must be both combined and reconciled if solutions that were fair to all countries

concerned, whether in developed or developing regions, were to be found.

21. Mr. BALDE (Guinea) said that the act of advocating the establishment of producers' associations was not due to a desire for confrontation. The simple facts were that the international trade system was unequal and unfair, that the producing countries had for too long been unscrupulously plundered, and that the resulting world imbalance generated tensions. It was regrettable that supposedly civilized nations could not agree among themselves so as to take into account the interests of all. Producers and consumers must abandon relationships of confrontation and replace them by real co-operation. However, co-operation was possible only between parties who were on an equal footing.

22. Mr. ZACHMANN (German Democratic Republic) pointed out that his delegation and others were proposing the addition of a new subparagraph which would supplement paragraph 3 (s) (see Conference Room Paper No. 4/Add.2). The conclusion of international agreements on primary commodities was one way of developing international co-operation, and the inclusion of that principle in the draft Declaration would help to gain respect for the principles of international trade adopted by the United Nations Conference on Trade and Development (UNCTAD) at its first session.¹

23. Mr. LATTANZI (Italy) noted that some representatives were opposed to his suggestion that subparagraph (s) should be deleted on the ground that producer countries had the right to form associations. Yet no one was contesting that right. It had also been said that the facts of the situation justified action by countries producing raw materials to organize so as to obtain the best prices for their exports. Figures showed that between 1963 and 1973, although the prices of manufactures had increased by 60 per cent, those of raw materials had increased by 75 per cent. Moreover, those figures did not cover the first few months of 1974, when the prices of raw materials had continued to increase. In his opinion, to talk of producers' associations was to take a natural step towards confrontation. Why seek to establish associations in order to raise the prices of raw materials when the situation had already changed by itself? The problem was no longer commodity prices but access to supplies, so as to avoid a recession which would have extremely serious consequences, since a recession in the consumer countries would of necessity affect the producer countries. Dialogue must, therefore, develop and start from a new basis.

24. Mr. VIERA (Cuba) said he considered that subparagraph (s) should be retained as it stood. The establishment of associations by developing countries which produced raw materials was part of the general effort being made by those countries to exercise their sovereignty over their natural resources and to obtain satisfactory prices. The subparagraph should not, therefore, be viewed as a call for confrontation. On the contrary, the international community had everything to gain if producers organized

and took part in the dialogue on an equal footing with consumers. In the spirit of the Conference of Heads of State or Government of Non-Aligned Countries, held at Algiers in September 1973, it was right that developing countries should support each other. His delegation therefore joined those who had called for the retention of subparagraph (s).

25. The representative of Italy had quoted figures showing that the prices of raw materials had increased more than the prices of manufactures over the last 10 years. That might be true, but there was still much to be done before the developing countries would finally achieve equality with the developed countries.

26. Mr. PAQUI (Dahomey) pointed out that paragraph 3 (s) did not cover all countries producing primary commodities, but only producers of "major primary commodities of importance to the world economy". What, then, would happen to those which did not fall within that category of producers? The subparagraph, as worded, distorted the meaning of the initiative which had led Member States to meet at a special session of the General Assembly. Consequently, there were only two alternatives; either subparagraph (s) should be deleted entirely, as a gesture of conciliation, or a new wording should be proposed covering all producers of primary commodities. He therefore proposed that the phrase should read as follows: "Strengthening and expansion, by the developing countries, of associations of primary commodity producers".

27. Mr. FELIZ (Dominican Republic) said that his delegation had noted the statement by the representative of Zaire defining the spirit of subparagraph (s). What was involved, apparently, was the establishment of a principle that already existed in fact, namely, the right of producer countries to form associations, which could not be in any way restricted. It was important for producers to unite if they wanted to have a say in the matter of prices, trade agreements and access to markets.

28. The representative of Italy had quoted some interesting figures. If they were correct, they related in any event only to the last four years, but it was not only the recent past which concerned producers. The facts showed that they needed to combine forces in order to defend their rights. Again, it was true that the producer countries were also consumers. But that too was an idea designed to distract attention from the main principle involved. Whether or not subparagraph (s) appeared in the text, the facts remained: producers had begun to organize, and it scarcely seemed possible to check that movement. He pointed out, in conclusion, that the subparagraph in question was part of a whole, and that the document would be incomplete if it were excluded.

29. Mr. JAIN (India) said that, over the past 25 years, no agreement had been possible on policies of access to markets or on pricing policies. Of the Western countries, some favoured free access to markets and others were opposed to it. The same was true of pricing policies. Only a few agreements had been reached, despite all the negotiations held in the past, particularly within the forum of the General Agreement on Tariffs and Trade (GATT). Only one

¹ *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), annexes A.I.1, A.I.2 and A.I.3, pp. 18, 25 and 26.

of those agreements, the Fourth International Tin Agreement,² was operating satisfactorily, because tin was the only commodity whose producers had been able to organize themselves. The producer countries were simply asking to be able to sell their products at a fair price.

30. Mr. GOWA (Uganda) noted that the representatives of Belgium and Italy properly acknowledged the right of producer countries to form associations. That was not the issue, since such associations already existed. It was none the less true that in 1972, for example, when the coffee producers had decided to unite, the International Coffee Agreement, 1968, had collapsed because of the distrust displayed by the consumer countries. Yet producers' associations should not evoke hostile reactions. In the case of the Coffee Agreement, if the consumers had agreed to a dialogue, prices might have remained lower and, generally speaking, if the consumer countries accepted the principle that the producer countries had the right to organize, then the dialogue would be more constructive.

31. Mr. MVOGO-ENAMA (United Republic of Cameroon) said it seemed to him that subparagraph (s) was designed to establish machinery through which producer and consumer countries could meet on an equal footing and in a spirit of co-operation. His delegation therefore agreed that subparagraph (s) should be retained.

32. Mr. RAJAONARIVELO (Madagascar) said that, because of the importance of subparagraph (s) he wished to reaffirm his delegation's position. The subparagraph was in keeping with the views expressed in the General Assembly (2216th plenary meeting) by his country's Minister for Foreign Affairs, namely, that all producers of raw materials should unite as the petroleum producers had done. His delegation therefore fully supported subparagraph (s).

Mr. Arvesen (Norway), Vice-Chairman, took the Chair.

33. Mr. HINES (United States of America) said that paragraph 3 (s) seemed mistakenly to equate consumer countries with developed countries. He would also like the exact meaning of the subparagraph to be made clear to him; was it merely that producers wished to associate or did they hope, by so doing, to influence market conditions, particularly prices? In the latter case, his delegation thought that such a process must come within the framework of the efforts at co-operation being made by producers and consumers in international bodies. Moreover, the subject of terms of trade was dealt with in paragraph 3 (i).

34. Mr. SALEM (Jordan) said that, in so far as the right of association of producers was recognized, there was nothing to justify the deletion of subparagraph (s). However, in the view of his delegation, there was an omission in that subparagraph, since, after the principle of the right of producer countries to form associations had been stated, there was no indication of what role the associations would play. His delegation had already suggested that a sentence should be added to the subparagraph to make good that omission and he proposed the following wording: "Such associations will be the ideal forum for the dialogue related

to the conclusion of commodity agreements in respect of major primary commodities of importance to the world economy."

35. Mr. YAO (Upper Volta) supported the retention of subparagraph (s). Unlike many delegations, his delegation did not think that the subparagraph called for a confrontation; quite the contrary, since, for negotiations to be fruitful, the strength of the parties must be roughly comparable. Until recently the producers had never closed their ranks, and it would be good to have a new mechanism enabling them to agree on a common position with a view to obtaining fair and equitable prices.

36. The representative of Italy had quoted figures showing that the deterioration of the terms of trade had been to the detriment of the industrialized countries. That idea was laughable and proved once again, if further proof was necessary, that one need only choose one's statistics with care.

37. His delegation agreed with the delegation of Dahomey that agreements between producers of raw materials should not be limited to commodities considered important for world trade. In a declaration of such wide scope, distinctions of that kind were inappropriate, particularly since the less important commodities would require even greater protection than the others. The sole objective must be to enhance the value of all raw materials.

38. Mr. BALDE (Guinea) noted the misgivings expressed by some delegations and said he wished to join others in affirming that the associations in question would not be directed against anyone. The right of association was a right recognized elsewhere; why should it not be recognized in the case of producer countries? It was the most appropriate means available to them for improving the balance of power with consumer countries and obtaining equal treatment, the need for which no one contested. His delegation therefore supported subparagraph (s) and indeed would strive to have it strengthened by supporting the amendment proposed by the representative of Dahomey.

39. Mr. GUILLEN (Peru) said that he would like to revert to some of the ideas which had been put forward during the discussion. It seemed to him almost impertinent on the part of certain countries to try to prevent the producer countries from forming associations. The producer countries did not need any authorization whatsoever. The real aim of subparagraph (s) was to lay the foundations for co-ordination between the policies of countries which produced primary commodities, in particular the developing countries.

40. Many representatives of developed countries had voiced the concern they felt at the lot of the developing countries that imported primary commodities. That concern was, to say the least, surprising, since it had never before been apparent. In any event, one might reply that if the importer developing countries thought they were entitled to compensation, they could say so themselves.

41. It was important to proceed by stages in the formation of producers' associations. In the initial stage, the producer countries would formulate joint policies that would take

² See *United Nations Tin Conference, 1970* (United Nations publication, Sales No. E.70.II.D.10), p. 3.

account of the interests of all developing countries. Only then could the producer countries embark on a dialogue with the developed countries. The associations in question constituted a political tool offered to the developing countries for the first time, and the sole weapon available to those countries was precisely the fact that they produced primary commodities.

42. The representative of Italy had referred to the rise in the prices of primary commodities, a rise that was quite unusual. However, the increase in the prices of such commodities in 1973 had led to a substantial increase in the export earnings of the developed countries, which had been three times higher than those of the developing countries. In reality, the prices of raw materials had not increased since the 1950s and the recent rise in prices had only been a revalorization.

43. Lastly, the representative of the United States had spoken of the need to make an effort to achieve co-operation. He wondered what he had been alluding to. The developing countries had been waiting for such an effort for 25 years.

44. Mr. VARGAS (Costa Rica) said he felt that the establishment of producers' associations was a very important question and that there was a need to strengthen such associations. However, he felt that subparagraph (s) was repetitious in that it referred to "major primary commodities of importance to the world economy". To speak of major commodities implied that they were important. The text would therefore be improved if the end of the subparagraph was deleted. Furthermore, since the concept of primary commodities in itself contained an element of ambiguity, he thought that it would be better to end the subparagraph at the words "producers' associations".

45. Mr. SIMPSON (Ghana) said he was surprised to note that the idea of strengthening producers' associations had met with opposition from a number of delegations. Citing the example of his own country, he pointed out that if there had been no associations uniting producers, agreements on certain commodities would never have seen the light of day. The subparagraph should therefore be retained.

46. Mr. AIT-CHAALAL (Algeria) said that, like the representatives of the Upper Volta and Peru, he would like to reply to the remarks made by the representative of Italy, who had implied that during the past decade the terms of trade had been favourable to the developing countries. He showed, citing figures in support of his argument, that such was not the case. For example, between 1972 and 1974 the price of steel had increased 2.5 times, whereas during the same period the price of iron ore had risen only from 14 to 30 per cent.

47. Mr. DRISS (Tunisia) thought that paragraph 3 (s) should instead be included in the programme of action, since it referred to action to be undertaken. In that connexion, he pointed out that other proposals relating to the same problem had been submitted during the general debate and should be taken into account. In particular, he referred to the proposal put forward by the French representative at the 2209th plenary meeting concerning

the establishment of an economic "observatory" under the authority of the United Nations with the task of following world transactions, recording the prices charged and regularly publishing weighted average prices (see A/AC.166/L.1/Rev.1 and Corr.1). Without wishing to deny the legitimacy of the position of the producer countries, he would at the same time like to see included among the principles the possibility of associations between producers and consumers, since the *raison d'être* of the current session was precisely to seek a dialogue and compromise solutions. In that connexion, he drew attention to the statement made to the General Assembly at its 2208th plenary meeting by President Boumediène. The subparagraph in question should be considered in the light of all that had been said during the general debate, since the fundamental problem was to safeguard the interests of some while taking into account the concerns of others.

48. Mr. AL-MAHDI (Iraq) drew attention to what he had said earlier, namely that the establishment of producers' associations by the developing countries was one of the most effective ways of redressing a world economic imbalance which had operated against the developing countries. As the Secretary-General of UNCTAD had indicated at the *Ad Hoc* Committee's 3rd meeting, between 1972 and 1974 the developing countries had suffered a deterioration in the terms of trade of the order of 15 per cent. The figures cited by the representative of Italy did not correspond to reality since they related solely to 1973. Referring to the observations of the representative of the United States to the effect that the content of paragraph 3 (s) was already expressed in paragraph 3 (i), he wished to point out that what subparagraph (i) stated was that the developed countries exported the effects of inflation to the developing countries.

49. Mr. LALOUX (Belgium) said he wished to point out that the Declaration to be adopted would be adopted by the international community as a whole and that all delegations were therefore entitled to make their views known and even to say, if they so wished, that they did not agree. Since his remarks appeared to have given rise to some misunderstanding, he thought it would be useful to clarify them. He had not said, for instance, that the wording of subparagraph (s) implied an idea of confrontation, nor that the producer countries were not entitled to seek to reach an understanding. What he had said was that he did not see the purpose of establishing, by a principle, a right which was not disputed. But, since a right must be right for all, and since the developing countries were the producers and the developed countries the consumers, the subparagraph should be balanced equally between the two elements which entered into the economy of a commodity, namely production and consumption.

50. Mr. ARITA QUIÑONEZ (Honduras) associated himself with those who had declared themselves in favour of retaining subparagraph (s), which, in his opinion, set out one of the essential principles of the international economic order. To eliminate it would be tantamount to refusing the developing countries the right to form producers' associations. He supported the proposal of the representative of Costa Rica to the effect that the words "of importance to the world economy", at the end of the subparagraph, should be deleted.

51. The CHAIRMAN pointed out that a group of socialist countries proposed that, after subparagraph (s), a new subparagraph should be added which would read: "Encouragement of the practice of concluding long-term multi-lateral commodity agreements on a mutually beneficial and non-discriminatory basis on individual commodities". (See Conference Room Paper No. 4/Add.2.)

52. Mr. MADEY (Yugoslavia) said he thought that that amendment was not absolutely essential, since the idea was already expressed, to some extent, in the programme of action.

53. The CHAIRMAN then read out the text of an amendment proposed by Pakistan, which would add the following additional subparagraph to paragraph 3: "Equal remuneration for equal work in international trade and exchange in commodities, goods and services" (*ibid.*).

54. Mr. RAHIM (Pakistan) announced that, after having consulted a number of delegations on that point, his delegation had decided to revise the text of the subparagraph to read: "All countries should receive for their exports equal remuneration for equal effort." It was a question of eliminating an important factor in the formation of prices, namely the low wages paid in the developing countries. The sales price of many commodities was determined by the cost price, in which wages were an important element. It was only fair that equal prices should be paid for equal products.

55. The CHAIRMAN announced that no amendment had been proposed to paragraph 4 of the draft Declaration in Conference Room Paper No. 1. That being the case, he suggested that the Committee should move on to paragraph 5.

It was so decided.

56. The CHAIRMAN drew attention to the amendment proposed by the Cuban delegation to the effect that the words "and should be" should be added after "universal organization" in the first sentence of paragraph 5 (*ibid.*).

57. Mr. HINES (United States of America) observed that there were other organizations besides the United Nations which were capable of ensuring equally the interests of all countries. He thought that that aspect of paragraph 5 might be considered in informal discussions.

58. Mr. DRISS (Tunisia) wondered whether, in proposing that amendment, the Cuban delegation had sought to strengthen or to weaken the text.

59. Mr. VIERA (Cuba) explained that his delegation had wished to ensure that the beginning of the paragraph was in keeping with the rest of it. The rest of the paragraph set out what the United Nations could do but was not doing. As his delegation had not had time to discuss its amendment with the other members of the Group of 77, it would like to do so before the debate on that point was continued.

60. Mr. GODOY-FIGUEREDO (Paraguay) said that he had some doubts about the current wording of the paragraph, but that the Cuban proposal was tantamount to changing the meaning completely. The United Nations was one organization among other universal organizations. The Cuban amendment would have the effect of saying that it was the only one.

61. The CHAIRMAN announced that the *Ad Hoc* Committee would begin its consideration of the draft Programme of Action at the following meeting.

The meeting rose at 5.50 p.m.

11th meeting

Friday, 19 April 1974, at 11 a.m.

Chairman: Mr. Fereydoun HOVEYDA (Iran).

A/AC.166/SR.11

AGENDA ITEM 7

Study of the problems of raw materials and development (*continued*) (A/9544 and Add.1 and Add.1/Corr.1 and Add.2, A/9545, A/9546, A/9548, A/AC.166/L.1/Rev.1 and Rev.1/Corr.1, A/AC.166/L.2-13, A/AC.166/L.14/Rev.1, A/AC.166/L.15-19; Conference Room Paper No. 2)

CONSIDERATION OF THE DRAFT PROGRAMME OF ACTION ON THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER

1. The CHAIRMAN invited the *Ad Hoc* Committee to begin its first reading of the draft Programme of Action on

the Establishment of a New International Economic Order, prepared by the Group of 77 (Conference Room Paper No. 2), starting with the preamble. Although flexibility would be allowed, delegations should endeavour to submit all amendments in writing by noon on Monday, 22 April. He strongly urged representatives to refer solely to matters of substance and to keep their statements brief. Consideration of controversial points could be deferred until a later stage.

2. Mr. MACKENZIE (United Kingdom) said that various issues covered in the draft Programme of Action which was a very long and important document, were being discussed in other forums. Accordingly, he could not

promise that his delegation would be able to submit all its written amendments by noon on 22 April, and he welcomed the Chairman's assurances concerning flexibility.

3. Mr. BAGBENI (Zaire) said that, in order to avoid having to revert during the following week to those parts of the draft Programme of Action which would already have been considered before the deadline for amendments suggested by the Chairman, amendments should be submitted as each point came up for discussion.

4. The CHAIRMAN, referring to the United Kingdom representative's remarks, said that he hoped that at least some written amendments would be ready by Monday.

5. Replying to the representative of Zaire, he said that the written amendments which the Committee would have before it early in the following week would include the texts of proposals already made orally.

Mr. Arvesen (Norway), Vice-Chairman, took the Chair.

6. Mr. CZARKOWSKI (Poland) proposed that the words "developed and developing" in the second sentence of the first preambular paragraph should be replaced by the word "all". That broader formulation was desirable in the interests of universality.

7. Mr. OTAKA (Japan) proposed that, since not all the actions to be carried out under the Programme of Action would be conducted within a time-bound framework, the second sentence of the first paragraph should be amended to read: "This will require a programme of urgent and continued action of an unprecedented scale . . .".

8. Mr. KANKA (Czechoslovakia) said that his delegation was in favour of mutually beneficial trade relations on the basis of equality among all countries, including the developing countries, with a view to the wider distribution of the advantages of international division of labour among all States. It was essential to help the developing countries to overcome the effects of colonial exploitation.

9. Accordingly, on behalf of his own delegation and those of Bulgaria, the Byelorussian SSR, the German Democratic Republic, Hungary, Poland, the Ukrainian SSR and the USSR, he proposed that the words "richer and industrialized countries should not" in the third paragraph should be replaced by the words "no one should".

10. Mr. KANE (Mauritania) said that the special session had been convened to deal with problems arising from the imbalance between two distinct economic entities, the developing countries and the developed countries. He could not accept the Polish amendment, which failed to reflect that imbalance. Moreover, there were very few conflicts among developed countries or among developing countries. The use of the words "developed and developing countries" in the second sentence of the first paragraph had nothing to do with ideology or economic systems.

11. Mr. RAOUF (Iraq) proposed the deletion of the words "richer and" in the third paragraph.

12. He could not accept the Polish amendment. In the context of the special session, it was essential to mention

specifically the inescapable distinction between developed and developing countries and to call for rectification of the imbalance between them.

13. Mr. CZARKOWSKI (Poland) agreed that the imbalance referred to by the representative of Mauritania was an established fact. However, the preamble to a United Nations document like the Programme of Action must reflect a spirit of broad co-operation and must avoid confrontation. The divergencies between the developed and the developing countries would be fully dealt with later in the document. He had proposed the insertion of the word "all" in the first paragraph in order to ensure that the imbalance would be rectified, since that would require co-operation between all peoples, and not only between developed and developing countries.

14. Mr. SOMJEN (Hungary) pointed out that the draft Programme of Action had a section dealing with co-operation among developing countries. The Polish amendment, which he supported, stressed the importance of co-operation among all States, which was essential if the relations between developed and developing countries were to be changed.

15. Mr. PAQUI (Dahomey) supported the Polish amendment. The preamble should stress the spirit of solidarity which ought to prevail in the international community.

16. Mr. CHOLLET (France) said that, although he supported the idea expressed in the third paragraph, he felt that the language was too restrictive. The text should be redrafted so that it did not impinge on the negotiations currently under way within the framework of the General Agreement on Tariffs and Trade. His delegation would consult with the delegations of the other members of the European Economic Community before agreeing to a text.

17. Mr. MADEY (Yugoslavia) said that even in the preamble there should be a reference to a time-bound framework and to the need for co-operation between developed and developing countries.

18. Mr. PEREZ THOMAS (Argentina), supported by Mr. VARGAS (Costa Rica), proposed that the Japanese amendment should be expanded to read: "This will require the implementation of a programme . . .".

19. Mr. BALDE (Guinea) endorsed the remarks of the representative of Mauritania. Whatever imbalances might exist in the relations between developed countries, the imbalance between developed and developing countries was much more serious.

20. Mr. NIMATALLAH (Oman) felt that the third paragraph had a negative tone, and proposed that it should be amended to read as follows:

"It is essential that during the implementation of this Programme of Action developed countries should adopt positive measures to promote the expansion of trade and the internal economic and social progress of the developing countries."

21. Mr. ZACHMANN (German Democratic Republic) supported the Polish amendment, which was fully in accord-

ance with paragraph 6 of the draft Declaration on the Establishment of a New Economic Order, contained in Conference Room Paper No. 1, to which no objections had been raised.

22. Mr. NESTERENKO (Union of Soviet Socialist Republics) said that he strongly endorsed the arguments that had been advanced in favour of the Polish amendment, which also applied to the amendment introduced by the representative of Czechoslovakia. The point made by the representative of Mauritania regarding the imbalance between the developed countries on the one hand and the developing countries on the other was undoubtedly correct, but the gap between them could hardly be narrowed except within the framework of the relations between all countries. It was unrealistic to think that it was only between those two groups of countries that economic co-operation was lacking; the same lack could sometimes be noted in relations between developed countries, and even between developing countries also. The representative of Mauritania had been right, however, in stressing the need for a framework that would encourage co-operation between developed and developing countries. The cleavage existed and must be faced as a fact to be taken into account in efforts to attain the goals of international co-operation.

23. Mr. QADRUD-DIN (Pakistan) observed that the preamble was the introduction to a highly practical document setting out concrete proposals for implementing the Programme of Action and for solving the problems developing countries would face in applying it.

24. The representative of Japan wished to delete the reference to "a time-bound framework" from the first paragraph, and the alternative wording he proposed had its merits; but if no target date was set for the completion of the Programme, it would never be carried out. The Group of 77 was therefore opposed to the deletion of a reference to a time-bound framework.

25. He agreed that the draft Programme should aim at economic co-operation and understanding between all peoples; that was an unassailable principle. However, it was a practical document which dealt with realities, and the fact was that the world was divided into two groups, the developed and the developing countries. Merely to mention "all countries", as proposed by the representative of Poland, might obscure that point, or even change the meaning of the text. The original wording of the first paragraph should be retained.

26. Mr. KANE (Mauritania) agreed that the original text should be retained. If changes of the kind proposed in the Polish amendment were introduced, the preamble would no longer reflect objective reality. The delegations of developing countries had come to the special session with a desire to reach an understanding and avoid conflict with the developed countries, but that did not change the fact that the world was divided into two blocs of countries—developed and developing. To refer merely to "all countries" would only obscure that fact.

27. Mr. CHANG Tsien-hua (China) said that, since the draft Programme of Action and the draft Declaration were closely linked and consultations were still proceeding on

the draft Declaration, it might be wiser to await agreement on the text of the Declaration before taking up the related points in the Programme.

28. He opposed the Polish amendment to the first paragraph of the preamble. The wording of the original text—"understanding between developed and developing countries"—was a better expression of the aim of the Programme than the words "understanding between all peoples", which were much vaguer and did not convey the idea of sharp conflict. The same could be said of the amendment to the third paragraph introduced by the representative of Czechoslovakia, which in any event, seemed superfluous, since it was unlikely that the developing countries would take any measures to impede their own commercial expansion or internal progress. Only the super-Powers would be likely to do that. He therefore preferred the original text.

29. Mr. DRISS (Tunisia) supported the Japanese amendment and the Argentine subamendment to it. He had considerable sympathy with the amendments proposed by the socialist countries and felt that a compromise formula could be found in each case. In any event, the whole of the third paragraph needed drafting changes to bring it into line with the draft Declaration. He fully agreed with the representative of China that the Programme of Action must be closely linked to the Declaration.

30. Mr. BAGBENI (Zaire) agreed with the representative of Mauritania that the references to developed and developing countries must be retained in the preamble. The change proposed in the second sentence of the first paragraph, in particular, would gloss over the gap between them, the existence of which should, on the contrary, be emphasized. *Universal understanding might one day be the rule, but the important thing at the moment was to narrow the gap between the haves and the have-nots.*

31. He agreed in principle with the amendment proposed by the representative of Oman, which undoubtedly had its place in the preamble. Unfortunately, efforts to include a similar wording in resolutions of the United Nations Conference on Trade and Development (UNCTAD) had failed at both the first and second sessions of UNCTAD. The question was one of political will, of defining a commitment on the part of the developed countries without which the Programme of Action could hardly succeed. In order to make that point clear, he proposed that the third paragraph should be amended to read as follows:

"With a view to ensuring the implementation of the Programme of Action, the industrialized countries undertake to adopt positive measures to ensure the progress of the under-industrialized countries and the expansion of trade."

As that wording was somewhat similar to the amendment proposed by the representative of Oman, the delegations concerned might consult together with a view to arriving at a compromise text.

32. Lastly, he supported the Japanese amendment to the first paragraph and associated himself with the views expressed by the representative of Iraq.

33. Mr. ABDENUR (Brazil) said that, in considering amendments, the Committee must not lose sight of the basic aim of the Programme of Action, which was to redress the balance between the developed and the developing countries. The document should state unequivocally that the aim was to improve the position of the developing countries. That was not an idea that had fallen into desuetude, as some maintained. The Declaration and the Programme of Action should be complementary. While it was quite proper to stress in the Declaration the need for the development of all countries, the Programme of Action should include specific measures to improve the lot of the developing countries. The two documents should be carefully compared, and any ideas in the Programme which did not fit into the conceptual framework of the Declaration should be omitted.

34. Mr. CAVAGLIERI (Italy) agreed with the representative of France that the States members of the European Economic Committee should be allowed more time for consultation before submitting their amendments. The representative of Brazil had raised a very pertinent point; it had been decided that both the draft Declaration and the draft Programme of Action should be discussed by the *Ad Hoc* Committee because they were in fact interconnected documents, and it was therefore a little surprising that the preamble to the Programme did not even mention the Declaration. That omission should be rectified.

35. Mr. PAQUI (Dahomey) said that there was a logical progression in the ideas expressed in the preamble. The first paragraph dealt with the existing severe economic imbalance and established a commitment for the whole international community; the crux of the matter—the gap between the developed and the developing countries—was the subject of the second paragraph, and that led into the body of the document, where specific action to improve the economic position of the developing countries was recommended. The first paragraph had seemed to him weak on first reading, but he had since come to feel that the amendment he had supported was inappropriate. He suggested that a small group should meet to produce a compromise text.

36. Mr. VALDES (Bolivia) said that he strongly endorsed the remarks made by the representative of Mauritania and agreed that consultations should be held on a compromise text, as suggested by the representative of Dahomey. He supported the Japanese and Argentine amendments and associated himself with the views expressed by the representative of Iraq.

37. Mr. UDOVENKO (Ukrainian Soviet Socialist Republic) said that the socialist countries had the same basic tasks as the developing countries, namely, to oppose war and colonialism and to promote social and economic progress, but they approached them with a philosophy of their own. The important consideration for the socialist countries, in their relations with other countries, was not the level of development of a country but the kind of social and economic structure it had. They considered it their duty to provide assistance to new States, but there could be no question of placing them all in one category, regardless of their social structure.

38. The former colonial countries were entitled to compensation for the losses their colonial masters had caused them. However, the latter were all capitalist developed countries, and there were no grounds for claiming compensation from the socialist countries, which had always been willing to help the oppressed peoples in their struggle against colonialism.

39. He was strongly in favour of co-operation on the basis of mutual benefit and reciprocity, but the co-operation must really be of benefit to all the co-operating countries. Currently that was not so, with the result that the world was divided into different camps. Nevertheless, there could be co-operation between them, provided that due account was taken of differing social structures.

40. Mr. NESTERENKO (Union of Soviet Socialist Republics) associated his delegation with the comments made by the representative of the Ukrainian SSR. He would remind the representative of Mauritania and those who had supported him that the socialist countries had considerable political experience in world affairs; he was sure that Mauritania would eventually acquire similar experience and would realize that there were other factors besides the relations between developed and developing countries which determined the course of world events.

41. The socialist countries thought that the wording of the second sentence of the first paragraph was too narrow; it should be noted in any event that the Polish amendment covered relations between developed and developing countries. He hoped that the sponsors of the draft Programme of Action would be able to find common ground with the sponsors of the socialist amendments. Members of the Committee should not be surprised that the socialist countries had devoted so much attention to the preamble to the draft Declaration and were currently very concerned with the preamble to the draft Programme of Action; both involved very important philosophical ideas relating to the solution of international problems, and it was inevitable that they should give rise to prolonged debate.

42. Mr. LALOUX (Belgium) said that the reference in the second paragraph to "the increasing aggravation of the continuing imbalance of the economies of the developing countries" was inaccurate; it was true that the imbalance in the economies of some countries had been aggravated in recent months, but in other cases the economies had improved. It would be better to refer to the "continuing and in some cases increasing imbalance".

43. He agreed with the representative of France that more time was needed for consideration of the third paragraph. The text might be more balanced if it referred to "all countries, particularly richer and industrialized countries"; in any event, the provisions of the paragraph should apply to the whole international community.

44. Mr. RAJAONARIVELO (Madagascar) endorsed the view of the representative of Mauritania. The imbalance between developed and developing countries was serious and had always existed; at the moment, however, the entire world was in a state of imbalance because the traditional situation, favourable to the West, had been destroyed. He suggested that the opening sentence should be amended to

read: "In view of the perpetuation of the severe economic imbalance . . .".

45. Mr. SCHUPPUS (Togo) said that he also agreed with the representative of Mauritania and supported the Malagasy amendments. The reference in the first paragraph to severe economic imbalance reflected the legitimate concern of the countries of the third world. He proposed that the second sentence of that paragraph should be transferred to the third paragraph and that it should be amended to read: "This will accordingly require a programme of optimum action among all countries."

46. Mr. MÜLLER-THUNS (Federal Republic of Germany) said it seemed inevitable that there would be some repetition of the discussion that had taken place concerning the draft Declaration. The content of the Programme of Action would depend to a large extent on the final form of the Declaration. The most important matter was to decide on emergency measures in favour of the developing countries that had suffered most from recent events.

47. Mr. TARZI (Afghanistan) said that his delegation could not accept the Belgian amendment to the second paragraph. The comments made by the representative of Belgium were true in some respects, but the Committee must always keep in mind the inherently disadvantaged position of the developing countries, which was due partly to the nature of their exports and partly to the fact that the terms of trade were unfavourable to them. Statistics were often misleading: to say that a developing country had achieved an annual growth rate of 2 per cent meant nothing if its *per capita* gross national product was only \$100. Any temporary improvement in the situation in some developing countries should not cause the Committee to lose sight of the underlying trend, which was for the imbalance of the economies of the developing countries to become increasingly aggravated.

48. Mr. QADRUD-DIN (Pakistan) endorsed the comments of the representative of Afghanistan. The point of the second paragraph was not to make accusations against the developed countries but rather to state the fact of the continuing imbalance of the economies of the developing countries. Extensive studies had shown that the large gap between developed and developing countries was becoming even wider, and that the rate of divergence was increasing. The developing countries could not share the optimism of the representative of Belgium; indeed, in many developing countries the situation was tragic. He hoped that the representative of Belgium would be able to accept the paragraph as it stood.

49. Mr. BALDE (Guinea) supported the Malagasy amendment. The economic imbalance had always existed, and the question was whether it would be perpetuated. There had been a slowing-down of development since the time when the developed countries had agreed to transfer 1 per cent of their gross national product to the developing countries. There had also been an increase in the indebtedness of the developing countries. In a world of monopolies the hope of economic justice seemed to be vanishing.

50. He also supported the amendment proposed by the representative of Togo, whose approach would facilitate a compromise agreement with the representative of Poland.

51. Mr. MADEY (Yugoslavia) said that he could not understand why some of the countries of the European Economic Community needed more time to consider the draft Programme of Action, since the text had been available for more than two weeks. He agreed with the representative of the Federal Republic of Germany that priority should be given to emergency measures for certain of the developing countries. However, such measures were being discussed elsewhere and some progress was being made.

52. Mr. SALEM (Jordan) said that the Committee seemed to be confusing statements of fact, principles, objectives and proposals for action. The Declaration should be seen as a preamble to the Programme of Action, and proposals in the latter must be clearly related to principles stated in the former. The documents must state clearly which body or group of countries was being called upon to carry out which actions. For the moment, he was not sure what objective was to be achieved by the implementation of the Programme of Action. He hoped that the Chairman would be able to give the Committee some guidance on the points he had raised.

53. The CHAIRMAN agreed with the representative of Jordan that the situation was rather confused. He suggested that the officers of the Committee should discuss the matter before the next meeting in an attempt to draw up guidelines for the Committee's work.

54. Mr. VIERA (Cuba) agreed with the representative of Yugoslavia that delegations had already had adequate time to consider the draft Programme of Action. He endorsed the views of the representatives of Afghanistan and Pakistan concerning the Belgian amendment and he supported the Malagasy amendment.

55. His delegation would participate in informal discussions to try to accommodate the Polish, Czechoslovakian and Iraqi amendments. The purpose of the document was not to charge all developed countries equally with responsibility for the present situation. Some developed countries—former colonial Powers and neo-colonial Powers—were still exploiting the natural resources of the developing countries, but others were not.

56. Mr. KINYATA (Uganda) said that he agreed with those who had opposed the Polish amendment. The Committee's task was to specify in the draft Programme of Action ways of bridging the gap between developed and developing countries. The amendment did not adequately reflect the true situation, even though it could be argued that the term "developed and developing countries" implied "all countries".

57. His delegation supported the spirit of the Japanese amendment, with its reference to "urgent and continued action", but thought that the phrase was vague and ambiguous. It would prefer to retain the original reference to "a time-bound framework", because timing was an important factor in economic programmes; some relevant United Nations decisions adopted long ago had still not been implemented.

58. Mr. KANE (Mauritania) said he regretted that his delegation's disagreement with the view expressed by the representative of Poland should have evoked a hostile reaction. Mauritania was an independent country, and it did not need lessons in how to conduct itself from any Western or socialist country. He wished to inform the representative of the Soviet Union that Mauritania had never been hostile to any country. His delegation's purpose was to defend the cause of the developing countries, and it would continue to

do so to the best of its ability. He hoped that the representative of the Soviet Union would bear that in mind.

59. The CHAIRMAN said that, if he heard no objections, he would take it that the Committee had concluded its first reading of the preamble to the draft Programme of Action.

It was so decided.

The meeting rose at 1.05 p.m.

12th meeting

Friday, 19 April 1974, at 3.20 p.m.

Chairman: Mr. Fereydoun HOVEYDA (Iran).

A/AC.166/SR.12

In the absence of the Chairman, Mr. Arvesen (Norway), Vice-Chairman, took the Chair.

AGENDA ITEM 7

Study of the problems of raw materials and development (continued) (A/9544 and Add.1 and Add.1/Corr.1 and Add.2, A/9545, A/9546, A/9548, A/AC.166/L.1/Rev.1 and Rev.1/Corr.1, A/AC.166/L.2-13, A/AC.166/L.14/Rev.1, A/AC.166/L.15-19; Conference Room Paper No. 2)

CONSIDERATION OF THE DRAFT PROGRAMME OF ACTION ON THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER (continued)

1. The CHAIRMAN invited the *Ad Hoc* Committee to continue its first reading of the draft Programme of Action on the Establishment of a New International Economic Order (Conference Room Paper No. 2) with a discussion of section I, paragraph 1, dealing with raw materials. It was essential not to spend too much time, at the stage at which matters stood, in detailed discussions of amendments, and he also believed that the question of whom the draft Programme of Action was addressed to was a secondary one, at least at that stage of the discussion.

2. Mr. KINYATA (Uganda) said that he unreservedly supported paragraph 1 (i), because no country could achieve its economic development without being free.

3. Mr. KIPPER (Federal Republic of Germany) said that his country's attitude towards the draft Programme of Action was determined by its desire to reach a consensus. It could not, therefore, take a position on the text, for the time being, but wished to make it clear that its silence should not be taken to signify indifference.

4. Mr. HOLDEN (New Zealand) said he believed that the subject-matter of paragraph 1 (i) had already been discussed in connexion with the draft Declaration, and he proposed that the Committee should proceed to subparagraph (ii).

5. Mr. SOMJEN (Hungary) said he wished to inform the Committee that the group of socialist countries, which included his delegation, had no suggestions to make concerning section I, paragraphs 1 and 2.

6. Mr. HINES (United States of America) observed that he had no comments to make on paragraph 1 (i), as discussions were already in progress concerning it.

7. Mr. BOUZERBIA (Algeria) proposed, pending the submission of written amendments, that the words "recovery of" should be inserted in the first line, after the words "Measures for the".

8. Mr. SALEM (Jordan) supported the proposal of the representative of Algeria and proposed that in the English text the paragraph should begin with a verb, which could be either "To adopt" or "To implement". He also believed that it would be better to replace the word "exploitation" by the word "production", because "exploitation" was already used in subparagraph (i) with an entirely different meaning.

9. Mr. JIMETA (Nigeria) agreed with the suggestions made by the preceding two speakers. In his opinion, paragraph 1 might begin as follows: "The international community will take measures to . . ."; furthermore, the words "to promote collective self-reliance among them" in subparagraph (ii) would be better placed at the end of that subparagraph.

10. Mr. HINES (United States of America) drew attention to the fact that discussions were already in progress, in connexion with the draft Declaration on the Establishment of a New International Economic Order, on collective action by developing countries.

11. Mr. OTAKA (Japan) proposed an amendment to paragraph 1 (iii) similar to the one he had submitted to paragraph 3 (c) of the draft Declaration, but with a few changes which took into account the views expressed by some delegations on that occasion. The text of subparagraph (iii) would be replaced by the following: "Improve-

ment and expansion of commodity arrangements where it is viable in respect of primary commodities, in particular those of special interest to the developing countries, to secure stable supply and remunerative, equitable and stable prices."

12. Mr. SALEM (Jordan) felt that the beginning of subparagraph (iii) should be amended to read as follows: "To establish effective and appropriate producers' associations and improve joint marketing arrangements . . .".

13. Mr. CHADHA (India) said that he saw no need to revert to the question of producers' associations, which had already been debated during the discussions on the draft Declaration. He would merely propose that in the English text the words "the sharing" should be replaced by "their share".

14. Mr. BOUZERBIA (Algeria) expressed his full agreement with the representative of India and supported the Jordanian proposal. In addition, he proposed that the word "defend" should be replaced by the words "fix sovereignty" and the words "stabilize markets for them" by "maximize the export earnings of developing countries".

15. Mr. BENNANI (Morocco) supported the proposals made by the representatives of India, Jordan and Algeria, particularly since the General Assembly had already adopted, at its twenty-eighth session, a resolution aimed at maximizing the export earnings of developing countries (resolution 3177 (XXVIII)).

16. Mr. KINYATA (Uganda) said that he saw no point in spending time on an issue on which, as had already become apparent during the discussion on the text of the draft Declaration, there were divergences of opinion between the group of developing countries and the group of developed countries. He agreed with the amendments proposed by the representatives of Algeria and Jordan and wished to emphasize, as the representative of India had done, the importance of a share of markets.

17. Mr. KASEMSRI (Thailand) said that he fully agreed with the principles set forth in paragraph 1 (iii). He supported the amendments proposed by the representatives of Jordan and India and proposed, for the sake of clarity, that the word "defend" should be followed by the words "and maintain at equitable levels".

18. Mr. NIOUPIN (Ivory Coast) felt that it would be better to replace the word "*dans*" by the word "*entre*" in the French text, because the paragraph dealt with associations among, and not in, developing countries. He agreed with the representative of Jordan that it was not clear who would be responsible for establishing and improving producers' associations; the paragraph should be reworded to make that point clear.

19. Mr. NIMATALLAH (Oman) proposed, taking into account all the amendments that had been proposed, that subparagraph (iii) should be worded as follows: "When necessary to prevent their terms of trade from deteriorating, exporting countries of primary commodities are to establish and make more effective exporters' associations and/or joint marketing arrangements."

20. Mr. BOUZERBIA (Algeria) said that he wished to make clear the spirit in which his amendments had been submitted. He believed that the representative of the Ivory Coast had raised a question which was not merely one of form. The question of producers' associations was of concern to his delegation, which desired, by its proposals, to strengthen the spirit of co-operation. The two amendments submitted by his delegation represented an effort to define the terms of that co-operation.

21. Mr. HINES (United States of America) wondered whether the wording of the draft Declaration was to be interpreted in the light of the draft Programme of Action, in particular as it might be amended by members of the Group of 77.

22. Mr. AL-CHALABI (Iraq) agreed with the representative of Algeria on the question of producers' associations and supported the amendments he had proposed to paragraph 1 (iii).

23. Mr. SOTO (Venezuela) said that his country's position on the matter was well known. He had no objection to the wording proposed by Jordan provided the idea of improving producers' associations was also included at the beginning of the text.

24. Mr. QADRUD-DIN (Pakistan), turning to paragraph 1 (iv), proposed that, purely in order to improve the text by avoiding repetition, the words "and to establish a link between the exports of developing countries and their imports" should be deleted and the paragraph should end with the wording "imported by developing countries".

25. Mr. JIMETA (Nigeria) supported the representative of Pakistan's amendment and proposed that the words "prices of" should be inserted between the words "by developing countries and the" and the words "raw materials" in that subparagraph.

26. Mr. BAGBENI (Zaire) said that the wording of subparagraph (iv) was not entirely satisfactory. To affirm the principle of a just and equitable relationship without providing for implementation machinery would mean laying down a principle that might not be applied. Provision should therefore be made for machinery for indexing the prices of primary commodities in order to keep them at a remunerative level. He therefore proposed that the end of subparagraph (iv), after the words "imported by them", should be deleted and that the following sentence should be added:

"To this end, machinery for indexing the prices of primary commodities by reference to those of the manufactured products obtained by processing them should be set up under the auspices of the United Nations for the purpose of ensuring that the former prices are kept at remunerative levels and that the principle of establishing an equitable relationship between the prices of products exported by the under-developed countries and those imported by them is strictly applied."

27. Mr. BOUZERBIA (Algeria) expressed full support for the amendments to paragraph 1 (iv) submitted by the representatives of Pakistan and Zaire. However, he wished

to propose, as a supplement to the Pakistan amendment, that the words “and services, including the cost of capital” should be inserted before the words “imported by them”. In addition, to make the text more precise, the words “just and equitable relationship” in the first line should be replaced by the word “link”.

28. Mr. OTAKA (Japan) repeated his delegation’s suggestion regarding paragraph 3 (i) of the draft Declaration (see 8th meeting, para. 2), namely that the entire paragraph should be replaced by the following text: “Improvement of terms of trade for the developing countries”.

29. Mr. CHADHA (India) agreed with the representative of Zaire that it was not enough to lay down a principle, as that had already been done in the draft Declaration, but that steps should be taken to apply the principle in practice. That was the intention of the Zairian amendment. In order to establish a just and equitable relationship between the imports and the exports of developing countries, provision must be made for a progressive increase in the prices of raw materials in real terms, which meant taking into account not only inflation and currency fluctuations but also the development needs of countries.

30. Mr. COSAC (Romania) said that the draft Programme of Action was generally acceptable to his delegation. However, paragraph 1 (iv) was too vague, and he suggested that it should be made more precise as follows: “Measures to improve the terms of trade of developing countries and prevent escalation of the prices of raw materials and manufactured products.”

31. Mr. ABDENUR (Brazil) said he supported the main idea in subparagraph (iv), although he agreed that the wording could be improved.

32. Mr. RAOUF (Iraq) felt that it should be made clear that the paragraph referred to products exported to developed countries and products imported from those countries. He pointed out to the representative of Zaire that it might be premature to provide for the establishment of price indexing machinery.

33. Mr. BONNICK (Jamaica) said he was sorry to note that a number of countries were opposed to the idea of establishing machinery for indexing the prices of primary commodities. Yet the General Assembly, in its resolution 3083 (XXVIII), had requested the Secretary-General of the United Nations Conference on Trade and Development (UNCTAD) to prepare a comprehensive study on the indexation of prices of commodities and on the possibility of automatically linking the prices of the imports and the exports of developing countries. Such an automatic link would make it possible to avoid a drop in prices, in real terms, resulting from currency realignments and inflation imported from the developed countries. He was therefore in favour of keeping paragraph 1 (iv) as it was.

34. Mr. HINES (United States of America) pointed out that the discussion on the draft Programme of Action might raise difficulties with regard to the negotiation of agreed texts for the corresponding passages of the draft Declaration. In his view, to specify that the relationship was to be established between products exported “to developed

countries” and products imported “from those countries” and to substitute the word “link” for “just and equitable relationship” would significantly change the meaning of the paragraph.

35. Mr. NIOUPIN (Ivory Coast) said that the developing countries attached great importance to the paragraph under consideration; it was on that point that they would be able to judge the will of the international community to change the international economic order so that it was no longer directed towards the exploitation of developing countries.

36. He proposed that those concerned should consult together with a view to preparing a generally acceptable text. He personally was not entirely satisfied with the wording of the paragraph, which in places seemed obscure or ambiguous; for example, he felt that what was meant by a “just and equitable relationship” should be spelt out.

Mr. Kufaja (Poland), Vice-Chairman, took the Chair.

37. Mr. BALDE (Guinea) said that the number of amendments submitted to paragraph 1 (iv) testified to the general desire for co-operation. He supported the amendment submitted by the Zairian delegation, since in his view there could be no just and equitable relationship between the exports and the imports of developing countries unless there was a price indexing machinery.

38. Mr. DRISS (Tunisia) supported the amendment submitted by the Zairian delegation, which was similar in some respects to the proposal for the establishment of a price “observatory” made at the 2209th plenary meeting by the Minister for Foreign Affairs of France (see A/AC.166/L.1/Rev.1). However, he would like to see it stated that the price indexing machinery should be established “under the authority of the United Nations”.

39. Mr. BANDA (Uruguay) suggested that wool should be added to the list of commodities in paragraph 1 (v).

40. Mr. BONNICK (Jamaica), supported by Mr. BALDE (Guinea), suggested adding bauxite, Mr. SAM (Ghana) suggested cocoa and Mr. KASEMSRI (Thailand) suggested kenaf.

41. Mr. DRISS (Tunisia), supported by Mr. JIMETA (Nigeria), felt that either all or none of the commodities concerned should be listed.

42. Mr. BALDE (Guinea) suggested that “etc.” should be added at the end of the list.

43. Mr. OTAKA (Japan) said that subparagraph (v) should refer not only to commodities whose prices suffered continued stagnation or decline but also to those whose prices increased very sharply. He was thinking of rice, for example. He therefore suggested that the paragraph should be replaced by the following text:

“To co-operate to secure remunerative, equitable and stable prices for those commodities whose prices have either stagnated or declined in recent years, resulting in a decline in the export earnings of these developing countries, or whose prices have risen sharply in recent years.”

44. Mr. SALEM (Jordan) said that the Japanese amendment was illogical because it would provide for securing remunerative prices for commodities the prices of which were rising.

45. He suggested that the words “despite a general rise in commodity prices” should be moved to the end of the sentence. He also suggested that the word “trend” in the first line should be deleted.

46. Mr. HINES (United States of America) felt that the word “measures” was extremely vague, and could be understood to include specific actions to which his Government was opposed. He very much feared that his delegation would not be able to accept the text, although it agreed that attention might be drawn to the downward trends of certain commodities. He drew attention to paragraph 3 (i)(g), which dealt with the same question in more general terms.

47. Mr. RAOUF (Iraq) said that the Japanese amendment was directly contrary to the desired aim of remedying the stagnation or decline in prices of certain commodities. Sharp increases in the prices of certain commodities could be explained by the fact that those prices had been stagnating or declining for years; in that case, what was involved was a normal readjustment. In his view, it would be dangerous to make hasty generalizations on the basis of the example of rice.

48. Mr. BOUZERBIA (Algeria) endorsed the comments of the representatives of Jordan and Iraq. In his view, subparagraph (v) should remain as it was.

49. Mr. RUGGIERO (Italy) pointed out that the matter had been sufficiently discussed in the plenary Assembly and that it would be better to draw up a text that was acceptable to all in small contact groups.

50. Mr. HASSAN (Sudan) proposed the addition of the following new subparagraph after subparagraph (v):

“Measures to expand the markets for natural products by utilizing fully the environmental advantages of these products versus synthetic products.”

51. Mr. BOUZERBIA (Algeria) wished to add a further new paragraph after subparagraph (vi). The text would read:

“To give priority, in utilizing the resources thus made available, to development, which will be stimulated by the systematic development of all—particularly agricultural and human—resources and potentialities and by the elimination of social inequalities and disparities.”

52. Mr. DRISS (Tunisia) proposed that the phrase “taking into account the real interests of the developing countries” should be added to the Sudanese amendment. He asked the representative of Algeria if, in the amendment he had just submitted, he would have any objection to replacing the word “systematic”, which could be misleading, by the word “rational”.

53. Mr. PHANG (Malaysia) said that, as the representative of a country which was a major producer of natural rubber, he fully endorsed the proposal of the representative of the Sudan.

54. Indeed, the subject of competition between natural and synthetic products had often centred on cost and it was too often forgotten that, in calculating the cost of producing synthetics, the cost in terms of environmental pollution should be included. Already at the third session of UNCTAD, his delegation had supported the Danish proposal to broaden the work programme of the Permanent Group on Synthetics and Substitutes to include the environmental aspects of competition between natural products and synthetic materials.

55. Mr. HASSAN (Sudan) thanked the representative of Tunisia, whose subamendment improved the amendment he had submitted.

56. Mr. KASEMSRI (Thailand) endorsed the remark made by the representative of Malaysia and supported the Sudanese amendment and the subamendment thereto.

57. Mr. BOUZERBIA (Algeria) agreed to replace the word “systematic” by the word “rational”.

58. Mr. YUSUF (Somalia) supported the Sudanese and Algerian amendments as reworded at the request of Tunisia.

59. Mr. AL-CHALABI (Iraq) asked whether the representative of Algeria was alluding in his amendment to the social disparities between countries or within countries. It should be borne in mind that the draft Programme of Action dealt with relations between States.

60. Mr. BOUZERBIA (Algeria) said that his proposal had a dual purpose, because the resources made available for development would contribute to the development of each country and would therefore alleviate the differences between countries and, in normal circumstances, should gradually eliminate the social inequalities within countries themselves. Obviously, it was primarily a question of narrowing the gap between developed and developing countries.

61. Mr. CHADHA (India), remarking on the sequence of the text, said that the various parts often dealt with the same question. For example, in discussing paragraph 1, many delegations had already referred to subparagraph 3 (g). Therefore, on the second reading, the order of the sections and paragraphs should be slightly modified so as to group together all the elements which dealt with the same question.

62. Mr. DRISS (Tunisia), turning to paragraph 2 of section I, said that, while the English text of subparagraph (i) was satisfactory, the French version seemed slightly confused. In his view, the phrase “*dans le cadre des efforts internationaux visant à résoudre le problème alimentaire*” should be placed immediately after the words “*Il faudrait*”.

63. Mr. SALEM (Jordan) pointed out that the first two subparagraphs of paragraph 2 began with the words “To take”, while the third was addressed to the international

community. The question of unity of style was involved and must be dealt with. Referring to the substance of subparagraph (i), he said that it was not sufficient to take account of problems; specific measures must be indicated.

64. Mr. BOUZERBIA (Algeria) endorsed the remarks made by the representatives of Tunisia and Jordan. The existing text of paragraph 2 (i) was indeed too vague and did not provide for specific measures. Consequently he proposed that it should be replaced by the following:

“To take practical measures to overcome the special problems countries face in periods of food shortage and excessive price rises, through co-ordinated international action, of a humanitarian or commercial nature, on special payment terms.”

65. Mr. DRISS (Tunisia) had no objection to the amendment submitted by the representative of Algeria, but questioned the positioning of the phrase “through co-ordinated international action”.

66. Mr. VALDES (Bolivia) said that the meaning of the Spanish text was completely different from the English. He hoped that the situation could be corrected. He supported the amendment just submitted by Algeria and had in fact been about to submit a similar amendment himself.

67. Mr. FELIZ (Dominican Republic) wished to make a proposal somewhat similar to that just made by Algeria. It might perhaps be possible to combine the two, although his own seemed to him to be clearer. He proposed the following text: “To take urgent action within the international community to solve the food problem in the developing countries, particularly in periods of food shortage.”

68. Mr. VIERA (Cuba) said that the proposal made by the representative of the Dominican Republic did indeed seem clearer and more concise than that proposed by Algeria.

69. Mr. KASEMSRI (Thailand) said that paragraph 2 (ii) was designed to draw attention to the unexploited land of developing countries, the exploitation of which would make it possible to increase the volume of agricultural production. In addition to the non-exploited land, it would be useful to refer to under-exploited land and he therefore proposed that the paragraph should be amended to read “. . . potentialities of unexploited or under-exploited land which, if reclaimed or improved and put to practical or more intensive use, would contribute . . .”.

70. Mr. AL-CHALABI (Iraq) endorsed the amendments submitted by the representative of Thailand. After the word “under-exploited” it might also be appropriate to specify “due to salination or other reasons”, for in certain countries, particularly in the Middle East, salination was one of the major reasons for the weakness of the agricultural sector.

71. Mr. DRISS (Tunisia), Mr. KASEMSRI (Thailand) and Mr. TARZI (Afghanistan) supported the Iraqi amendment.

72. Mr. JIMETA (Nigeria) drew the attention of the representative of Iraq to the fact that his amendment would

be more relevant in subparagraph (iii), which referred to the problem of desertification.

73. Mr. RUGGIERO (Italy) found subparagraph (iii) acceptable. The work of the second session of the Committee on Science and Technology for Development could support the efforts of the international community to deal with desertification.

74. Mr. YUSUF (Somalia) said that subparagraph (iii) caused his delegation no difficulty. Furthermore, he agreed with the representative of Nigeria that the Iraqi amendment to subparagraph (ii) would be better placed in subparagraph (iii).

75. Mr. NIOUPIN (Ivory Coast) welcomed the wording of subparagraph (iii). Salination and other natural phenomena which it was not possible to enumerate in detail should be mentioned in addition to desertification. He therefore proposed that after the word “desertification” the words “salination and other natural phenomena” should be added.

76. Mr. RAOUF (Iraq) thanked the representative of the Ivory Coast. Since a large number of Middle Eastern countries were affected by salination, his delegation would like the words “and in the Middle East” added after “Africa” in the first sentence. Moreover, in the second sentence, the sources of assistance should be more clearly indicated. Thus, for example, after the word “Furthermore” the phrase “the developed countries and international organizations should assist . . .” should be used.

Mr. Hoveyda (Iran) took the Chair.

77. Mr. DRISS (Tunisia) referring to the amendment submitted by the Ivory Coast, said that the term “natural phenomena” lacked precision and he proposed the phrase “and other similar natural phenomena”. He did not oppose the inclusion of the words “and in the Middle East” in principle. However, fortunately for that region, the Middle East, unlike the Sahel, was not suffering from famine. Tunisia had proposed that the original text should indicate that it was the countries of Africa that were primarily affected, in view of the catastrophic situation in the Sahelian countries. Obviously, he had not intended to exclude the other disadvantaged countries.

78. Mr. KING (Sierra Leone) also supported the reference to the phenomenon of salination and, before the representative of Tunisia had spoken, he had been going to suggest that the phrase “adverse natural phenomena” should be used instead of “natural phenomena”.

79. Mr. RUGGIERO (Italy) supported paragraph 2 (iii). Referring to the Iraqi amendment to the second sentence, he felt that it was pointless to specify the source of international assistance, since aid could obviously be requested only from those who could provide it.

80. Mr. FELIZ (Dominican Republic) said that the remainder of the subparagraph should be brought into line with the amendment submitted by the Ivory Coast. Thus in

the second sentence “this phenomenon” should read “these phenomena” and the words “arid and semi-arid zones” should be replaced by “affected zones”.

81. Mr. JIMETA (Nigeria) wished to make a slight amendment to the first sentence of the subparagraph, which would then read “the phenomenon of desertification, salination and other adverse natural phenomena which

gravely affect several developing countries, particularly in Africa”.

82. Mr. DRISS (Tunisia) said that he would have to see the written text of the amendments proposed before stating his views.

The meeting rose at 6.05 p.m.

13th meeting

Monday, 22 April 1974, at 10.55 a.m.

Chairman: Mr. Fereydoun HOVEYDA (Iran).

A/AC.166/SR.13

In the absence of the Chairman, Mr. Arvesen (Norway), Vice-Chairman, took the Chair.

AGENDA ITEM 7

Study of the problems of raw materials and development (continued) (A/9544 and Add.1 and Add.1/Corr.1 and Add.2, A/9545, A/9546, A/9548, A/AC.166/L.1/Rev.1, A/AC.166/L.2-13, A/AC.166/L.14/Rev.1, A/AC.166/L.15-25; Conference Room Papers Nos. 2 and 5)

CONSIDERATION OF THE DRAFT PROGRAMME OF ACTION ON THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER (continued)

1. Mr. HOHLER (United Kingdom) and Mr. BOUZERBIA (Algeria) suggested that the time-limit for the submission of amendments to the draft Programme of Action on the Establishment of a New International Economic Order (Conference Room Paper No. 2) should be extended until noon on Tuesday, 23 April.

It was so decided.

2. Mr. OGISO (Japan), continuing the discussion of section I, paragraph 2, dealing with food problems, proposed that the words “to the fullest extent possible” should be inserted after the word “should” in the introductory phrase to subsections (1) and (2) of paragraph 2 (iii).

3. He informed the *Ad Hoc* Committee that his Government had decided to contribute \$1.8 million to the Food and Agriculture Organization of the United Nations (FAO) as a second emergency contribution to aid the drought-stricken Sahelian countries. His Government had previously made an initial contribution of \$1 million for that purpose, as well as a contribution of \$900,000 for operations in drought-stricken Ethiopia. The additional contribution was made in a spirit of co-operation with the Organization of African Unity (OAU) and the United Nations and as a token of the sympathy felt by the Japanese people for the peoples of the disaster-stricken zone.

4. Mr. CHADHA (India) said he thought that the Japanese amendment weakened the text. The developed countries

were being asked to make commitments; the words “to the fullest extent possible” might be invoked later as an excuse for doing nothing.

5. Mr. SANCHIS MUÑOZ (Argentina) endorsed the comment made by the representative of India.

6. Mr. HOHLER (United Kingdom) proposed that the text should read: “All countries should refrain from . . .”, since the activities mentioned in the two subsections might well apply to all countries.

7. Mr. ABDENUR (Brazil) said that he preferred the original text. The aim of subsections (1) and (2) was to redefine the economic relations between developed and developing countries, and to water down the introductory phrase would render the whole exercise futile.

8. Mr. LALOUX (Belgium) said that his delegation did not quite understand the two subsections, the first of which was particularly obscure, some delegations interpreting it as encouraging, and others as discouraging, increased production. His delegation was puzzled by the use of the term “inefficient producers” in subsection (2); in his country, inefficient producers were driven out of business by competition. He would point out that the reference to tariff or non-tariff barriers did not apply to Belgium.

9. Mr. JANTON (France) proposed that paragraph 2 (iv) should read: “Assisting developing countries to import . . .”. Since the objective was to enable developing countries to obtain the food they needed for survival, the wording should be as specific as possible.

10. Mr. CHADHA (India) supported the spirit of the French amendment but thought that it might give the impression that developing countries always needed assistance—thus conflicting with the idea of self-reliance. It might be better to use the word “enabling”.

11. Mr. HOHLER (United Kingdom) said that, in his delegation’s view, subparagraph (v) was too vague. He proposed that it should be amended to read: “Measures should be introduced to increase food production and storage facilities in developing countries.”

12. Mr. SALEM (Jordan) said that some reference should be made to the importance of fertilizers for increased food production. His delegation would submit in writing an amendment to that effect, which could be included as part of subparagraph (v) or as a separate subparagraph.

13. Mr. AL-MAHDI (Iraq) endorsed the point made by the representative of Jordan.

14. He could not support the United Kingdom amendment. The meaning of the subparagraph was perfectly clear; the developing countries lacked the capital goods and other inputs needed to increase food production and only the developed countries could help them to overcome that lack.

15. Mr. OGISO (Japan) suggested that subparagraphs (iv) and (v) should be amalgamated into one text, which might read as follows:

“The international community should extend appropriate co-operation to increase food production and storage facilities in developing countries and secure an adequate and stable supply of food for all the populations of developing countries.”

16. Mr. NIOUPIN (Ivory Coast) observed that it was the United Kingdom amendment that was too vague. The amendment used the word “measures” to cover the whole of the second part of the original subparagraph, which was couched in explicit language. In particular, the provision that inputs should be available “on favourable terms” was not covered by the word “measures”.

17. His delegation welcomed the fine gesture of the Government of Japan in making an additional contribution to the fund for assistance to the Sahelian countries. It could not, however, support the Japanese amendment, because it did not include all the points made in the original subparagraphs.

18. Mr. TREU (Austria) supported the Jordanian proposal. He hoped all delegations would agree that the importance of fertilizers should receive special mention.

19. Mr. LALOUX (Belgium) said that the Programme of Action should focus on the real problems to which the effects of the recent crisis had given rise. Accordingly, his delegation entirely agreed that a reference to fertilizers should be included, and it looked forward to seeing the written text of the Jordanian proposal.

20. Mr. TARZI (Afghanistan) proposed that the words “provision of unrestricted access to” should be inserted after the word “ensuring” in paragraph 2 (vi) and that the words “protective measures and other forms of” should be inserted after the words “elimination of”.

21. Mr. HINES (United States of America) said that his delegation was keenly interested in the food issue. The serious policy problems which had been revealed during the current discussion could more appropriately and effectively be dealt with during the preparations for the World Food Conference scheduled to be held in Rome in November 1974 and at the Conference itself.

22. Mr. HOHLER (United Kingdom) endorsed the remarks of the United States representative. It was inadvisable to take decisions at the special session on issues that would be discussed at the World Food Conference.

23. Mr. KASEMSRI (Thailand), recalling the Statement made by his delegation at the 2220th plenary meeting concerning the interrelationship of the objectives being pursued in various United Nations forums, said it had been the consensus of the Group of 77 that subparagraph (vi) should be included, a position which his delegation endorsed. He supported the amendments proposed by the representative of Afghanistan.

24. Mr. SANCHIS MUÑOZ (Argentina) said that, although the World Food Conference would have the opportunity to examine various questions in greater detail, the paragraphs relating to food issues must be included in the part of the draft Programme of Action dealing with fundamental problems of raw materials and primary commodities as related to trade and development.

25. Mr. JANTON (France) said that his delegation, like certain others, had serious difficulties with subparagraph (vi). The scope of just and equitable arrangements would be substantially limited if reference were made to only one point of view. The approach to food issues taken by the Group of 77 failed to make adequate allowance for the fact that food problems would be given special consideration at the World Food Conference, which should have the opportunity to take decisions quite independently.

26. Mr. ABDENUR (Brazil) expressed strong disagreement with the suggestion that such important issues as food consumption and production and international trade in food should be abandoned by the special session of the General Assembly. The Committee should elaborate basic principles and specific measures in behalf of the developing countries for consideration by the World Food Conference.

27. Mr. CHANG Tsien-hua (China) endorsed the views of the representatives of Brazil, Argentina and Thailand. Food issues must be discussed in the context of raw materials and primary commodities and must not be shifted to another forum. The Programme of Action should be binding on States. If amendments led to different interpretations, the document would no longer constitute an action programme. Accordingly, the section on food issues should not be weakened.

28. The CHAIRMAN pointed out that the Committee’s task was to draft the Programme of Action, and said that policy matters should be left to a later stage.

29. Mr. LATTANZI (Italy) endorsed the remarks of the representatives of France, the United States and the United Kingdom.

30. Mr. NIOUPIN (Ivory Coast) said that the current discussion was not the first occasion on which the developed countries had pressed the developing countries to refer certain matters relating to trade in their primary commodities to the “appropriate” forums. The situation had already arisen in the United Nations Conference on Trade and Development (UNCTAD) and FAO. His delega-

tion found the negative attitude of certain delegations discouraging. The special session was an appropriate forum for the discussion of the food issues raised in the draft Programme of Action, and there would be nothing to prevent the World Food Conference from also considering them.

31. Mr. DRISS (Tunisia) said that his delegation would submit a proposal in writing for the insertion after subparagraph (iii) of an additional subparagraph calling on States to refrain from polluting the seas and endangering the natural resources of the seas, particularly fishery resources. Pollution of the seas was a problem affecting developed and developing countries alike.

32. Mr. MÜLLER-THUNS (Federal Republic of Germany) associated himself with the remarks of the representatives of Italy, the United Kingdom, Belgium and France.

33. Mr. UDOVENKO (Ukrainian Soviet Socialist Republic) drew attention to the amendment to paragraph 3 (i) submitted by his delegation and those of other Eastern European States in Conference Room Paper No. 5, calling for implementation of the progressive principles worked out in UNCTAD.

34. Mr. MÜLLER-THUNS (Federal Republic of Germany) said that the members of the European Economic Community reserved their position regarding paragraph 3 as a whole pending further consultations.

35. Mr. CHANG Tsien-hua (China) opposed the amendment referred to by the representative of the Ukrainian SSR, and said that subparagraph 3 (i) should remain unchanged. His delegation could not endorse action taken at the first and second sessions of UNCTAD because, inasmuch as the Chiang Kai-shek clique had illegally usurped the seat of China in the United Nations, China had not been represented at those sessions. The Chinese delegation had expressed reservations regarding certain controversial points discussed at the third session of UNCTAD and could not agree to their inclusion in the Programme of Action.

36. Mr. SALEM (Jordan) suggested that the commitments mentioned in subparagraph 3 (i) (a) should be paraphrased briefly in the text itself, while those that were too lengthy to include should be summarized in an appendix.

37. The CHAIRMAN said that that would result in an excessively long document. Delegations were familiar with the commitments undertaken in UNCTAD and in the International Development Strategy for the Second United Nations Development Decade (resolution 2626 (XXV)).

38. The Chairman drew attention to the amendment to paragraph 3 (i), subsection (b), submitted by the Romanian delegation (see Conference Room Paper No. 5).

39. Mr. OGISO (Japan) said that his delegation found the language of paragraph 3 (i) (b) too rigid and would propose an amendment in writing. Tentatively, it would suggest that the words "where this is appropriate and feasible" should be added at the end of subsection (b).

40. Mr. CHADHA (India) and Mr. VARGAS (Costa Rica) opposed the Japanese amendment, which weakened subsection (b).

41. Mr. DIALLO (Guinea) supported the Romanian amendment.

42. Mr. AL-MAHDI (Iraq) announced that he intended to propose an amalgamation of subsections (c) and (g).

43. Mr. SALEM (Jordan) welcomed that intention and proposed that subsection (d) should be included in the new text, which should be related to paragraph 3 (s) of the draft Declaration through a specific reference to producers' associations.

44. Mr. HOHLER (United Kingdom) said that it would be difficult to discuss those proposals in the absence of a written text.

45. The CHAIRMAN suggested that, pending the submission of a written text, the Committee should discuss subsections (c), (d) and (g) and the amendments to them contained in Conference Room Paper No. 5.

It was so decided.

46. Mr. DIETZE (German Democratic Republic), introducing the amendment to paragraph 3 (i) (c) sponsored by Eastern European countries (see Conference Room Paper No. 5), said that the speedy conclusion of a general agreement to govern international commodity agreements would certainly promote the conclusion of individual commodity agreements, the need for which had been stressed by a number of speakers.

47. Mr. HUSLID (Norway) supported that amendment to subsection (c), which was one of the most important in the draft Programme of Action. He trusted that the impact of that very important subsection would not be blunted if it became part of a combined text.

48. Mr. HOHLER (United Kingdom) said it was precisely the last point mentioned by the representative of Norway that had led him to press for a written text.

49. Mr. JANTON (France) said that the countries of the European Economic Community had not yet completed their consultations regarding section I, paragraph 3, and they reserved the right to submit further amendments to it at a later date. As to the Eastern European amendment contained in Conference Room Paper No. 5, it did not contain any new ideas. The idea of a general agreement had already been discussed by the UNCTAD Committee on Commodities, which had rejected it because it did not seem likely to contribute to the Committee's main aim, namely, market stabilization at reasonable levels. Some commodity agreements concluded in the past had been successful, while others had not. That was due to the fact that the bases of the markets varied with the commodities, according to whether they were perishable or non-perishable or renewable or non-renewable, whether there were shortages or surpluses of the commodity concerned, and so on. Experience over the last 30 years had shown that the only practical approach to so diverse a problem was on a

commodity-by-commodity basis. The results of commodity agreements might be disappointing because of the lack of political will on the part of Governments to implement them or because the quota system did not meet with their approval, but that seemed by far the most promising approach for the future, and if the proposal for an economic "observatory" made by the Minister for Foreign Affairs of France in his statement at the 2209th plenary meeting (see A/AC.166/L.1/Rev.1) was adopted, it might facilitate the conclusion of such agreements by providing accurate information on market developments.

50. Mr. LALOUX (Belgium) endorsed the comments made by the representative of France. He was in favour of retaining paragraph 3 (i)(c) as it stood, without the addition proposed by the Eastern European countries, whose amendment might act as a brake on the adoption of agreements concerning individual commodities, since much time might elapse before a general agreement could be concluded. The difficulty of arriving at such an agreement was due to the diversity and the specific character of the commodities it would have to cover.

51. Mr. NIOUPIN (Ivory Coast) said that the reason why there had been no agreement in UNCTAD on the conclusion of a general commodity agreement was that the developed countries had opposed it. Indeed, some developed countries were entirely opposed to the conclusion of agreements on specific commodities. The developing countries were anxious to obtain the support of the countries which imported their products for the conclusion of such agreements. Perhaps the ideas of the developed countries had changed since the subject had been discussed in UNCTAD; if so, he would be glad to hear it.

52. Mr. VAN GORKOM (Netherlands) stated that his country was in favour of commodity agreements. Perhaps the formal framework of those agreements needed to be reviewed with the aim of making them more effective, but there was no doubt that they were extremely important and were, indeed, one of the crucial questions to be discussed at the special session. The wording of paragraph 3 (i)(c) seemed somewhat weak and meagre, in view of the importance of the subject-matter.

53. The Netherlands was also very interested in the proposals put forward by France, not only for the establishment of an "observatory" but also on other points. The Secretary-General of UNCTAD had made some novel and interesting suggestions at the 3rd meeting of the Committee. The countries of the European Economic Community were conferring on a text that would incorporate the suggestions of the Secretary-General of UNCTAD and the Director-General of FAO, and also the proposals made by delegations in plenary, for new approaches to commodity agreements. The points raised by the Committee for Development Planning in paragraphs 137 and 138 of its report on its tenth session,¹ as reproduced in document A/AC.166/L.6, were also being taken into consideration, and a real effort was being made to produce a proposal that might be taken up not only by the General Assembly at the current special session but also

by the Economic and Social Council at its fifty-seventh session. He agreed with previous speakers that it was very important to facilitate the conclusion of commodity agreements and that discussion of the question must lead to specific action.

54. Mr. HUSLID (Norway) said that the representatives of the Netherlands, France and Belgium had mentioned some extremely difficult problems, and it would be no easy task to conclude a general commodity agreement. He agreed that, whatever happened with regard to the general agreement, it must not be allowed to impede the establishment of practical arrangements for specific commodities.

55. He had some sympathy with the Eastern European amendment to paragraph 3 (i)(c), but felt it should be placed under a different heading. In any event, he was strongly of the view that new methods must be tried to improve commodity trade. Many suggestions for achieving that purpose had been outlined by the head of the French delegation in his statement at the 2209th plenary meeting. He was somewhat disappointed that the representative of France in the *Ad Hoc* Committee had not given a broader interpretation to the proposals made in plenary by the head of his delegation. The whole question was of such crucial importance that it should be taken up by a special working party, which might produce a text that would reflect the desire of many delegations for a more systematic, but above all a practical, approach to the problems of commodity trade.

56. Mr. NUÑEZ CUESTA (Cuba) said that the conclusion of a general agreement to govern international commodity agreement would not in any way conflict with the conclusion of agreements on single commodities. He therefore supported the Eastern European amendment to subsection (c). He did not agree with the representatives of France and Belgium that such an agreement might impede the conclusion of other commodity agreements. The only reason why no agreement on a general framework had emerged from UNCTAD was that the political will to adopt such a framework had been lacking among the developed countries.

57. Mr. POLEZHAEV (Union of Soviet Socialist Republics) said that there was no contradiction between the amendment of which the USSR was a sponsor and the text of subsection (c). The idea had been discussed in the United Nations for many years. In 1967 the Trade and Development Board, in its resolution 36 (V),² had requested the Secretary-General of UNCTAD, with a view to drawing up a single document concerning the purposes and principles of international commodity arrangements and the promotion and convening of international commodity conferences, as stipulated in General Assembly resolution 1995 (XIX), to prepare a draft general agreement on commodity arrangements in order that it might be examined by the second session of UNCTAD or at an appropriate time in the future. The year 1968 had been mentioned as a probable date for the conference, and the document had been prepared and was available in the Secretariat.³ There was therefore no

¹ *Official Records of the Economic and Social Council, Fifty-seventh Session, Supplement No. 4.*

² See *Official Records of the General Assembly, Twenty-second Session, Supplement No. 14, Part I, annex.*

³ See document TP/30.

possibility whatever that a general agreement of that kind might hamper the conclusion of agreements on single commodities. The United Nations was committed to it in principle already.

58. Mr. TARZI (Afghanistan) agreed with the Netherlands representative that a text combining subsections (c) and (g) might not give sufficient prominence to the important subject of commodity agreements. He noted that the wording of the draft Programme of Action, even if amended as proposed, omitted all reference to diversification of the trade of developing countries so that their exports would include both traditional and non-traditional products. That was the point of importance to developing countries if they were to escape from their past dependence on the export of a single commodity.

59. Mr. NIOUPIN (Ivory Coast) said that he was disappointed at the response to his question about a possible change of attitude to commodity arrangements; only the representative of the Netherlands had replied. What he had wanted to know was whether the developed countries, particularly the United States, had abandoned their opposition to commodity agreements. During the discussion on the International Cocoa Agreement,⁴ the United States had said that it was opposed to commodity agreement in principle and preferred to leave international commodity trade to the free play of market forces. The developing countries were entirely opposed to that principle. It was evident that, when a developed country like the United

States, which imported 25 per cent of the world's cocoa, was opposed to a cocoa agreement, the latter had little chance of success. Had the United States changed its attitude in that respect?

60. Mr. HINES (United States of America) said that he had not spoken earlier in the discussion because he preferred to hear as many other points of view as possible before stating the views of his delegation. He had indicated his desire to speak before the latest intervention of the representative of the Ivory Coast, and his remarks were not intended as a reply to that representative's statement. The United States Government was concerned that the proposed text implied that all primary commodities should be covered by commodity agreements aimed at stabilizing and regulating markets. The United States was not opposed to commodity agreements for all commodities. That was proved by the fact that it had been taking part in commodity agreements in the past, as well as in the ongoing consultations on the international coffee agreement and the intensive commodity consultations in UNCTAD.

61. Paragraph 3 (i) (c) was too inflexible as it stood; the words "where appropriate" should be added to allow for the difficulties that did arise in the case of some commodities. The United States was in favour of co-operation between consumers and producers in world trade, as its representative had advocated in the General Assembly (2214th plenary meeting). It did not believe that commodity agreements provided the answer to all commodity trade problems, although they might do so in some cases.

⁴ See United Nations publication, Sales No. E.73.II.D.9, p. 7.

The meeting rose at 1.10 p.m.

14th meeting

Monday, 22 April 1974, at 3.15 p.m.

Chairman: Mr. Fereydoun HOVEYDA (Iran).

A/AC.166/SR.14

In the absence of the Chairman, Mr. Arvesen (Norway), Vice-Chairman took the Chair.

AGENDA ITEM 7

Study of the problems of raw materials and development (continued) (A/9544 and Add.1 and Add.1/Corr.1 and Add.2, A/9545, A/9546, A/9548, A/AC.166/L.1/Rev.1 and Rev.1/Corr.1, A/AC.166/L.2-13, A/AC.166/L.14/Rev.1, A/AC.166/L.15-25; Conference Room Papers Nos. 2 and 5)

CONSIDERATION OF THE DRAFT PROGRAMME OF ACTION ON THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER (continued)

1. Mr. BOUZERBIA (Algeria) said that, after having held consultations with other delegations, he wished to announce some changes in the Algerian amendments to

section I of the draft Programme of Action on the Establishment of a New International Economic Order (Conference Room Paper No. 2) as they appeared in Conference Room Paper No. 5. First, in the French text of the amendment to 1 (ii), the words "*la reprise en main*" should be replaced by the words "*la récupération*"; secondly, his delegation wished to withdraw amendment (a) to subparagraph (iv); thirdly, it wished to withdraw its amendment to paragraph 1 (vii); and lastly, it also wished to withdraw its amendment to paragraph 2 (i).

2. Mr. WESTLUND (Sweden), continuing the discussion of paragraph 3, on general trade, said that his delegation associated itself with what had been said at the preceding meeting regarding subparagraph (i) (c) by the Norwegian, French, Belgian and Netherlands delegations. The *Ad Hoc* Committee was dealing with a crucial field in which concrete measures must be taken. He thought it would be preferable to proceed on a commodity by commodity basis,

but his delegation was ready to endorse a general agreement setting forth directives on the subject. A first step in that direction had already been taken with resolution 73 (X) of the Trade and Development Board.¹ It was particularly important not to be discouraged by the mediocre results so far achieved by commodity agreements and to initiate a bolder policy. In any case, the problems arising in that field could be solved only by consultations between producers and consumers. Such consultations might also make it possible to control to a certain extent the activities of multinational companies and speculation.

3. His delegation supported the proposal put forward by the Netherlands at the preceding meeting. The Secretaries-General of the United Nations and the United Nations Conference on Trade and Development (UNCTAD) should draw up a whole series of measures in a much broader framework than the current one and submit them as soon as possible to Member States, perhaps even at the fifty-seventh session of the Economic and Social Council.

4. With reference to the comments made by the Afghan delegation at the preceding meeting on the need for the developing countries to diversify their economies, he thought that such a process could be considerably accelerated by commodity agreements.

5. Mr. CHADHA (India) thought that subsections (c) and (d) of paragraph 3 (i) were closely linked, for both dealt with the need to take specific measures in the field of commodities. A certain number of elements in paragraph 1 should be incorporated in the integrated plan mentioned in paragraph 3, subparagraph (i)(d). As he had already pointed out, all those elements should be regrouped in the final document.

6. The CHAIRMAN said that, in accordance with the decision taken at the previous meeting, the Committee would study first subsection (g) and would return later to subsections (e) and (f).

7. Mr. AL-MAHDI (Iraq) proposed that subsections (c) and (g) should be combined. The new text would read:

“Set up general principles for pricing policy for primary commodities and raw materials exported by developing countries with a view to sustaining the improvement of the terms of trade of those countries. In this connexion, appropriate measures should be taken to achieve this objective including, if the developing producing countries so wish, the conclusion of commodity agreements.”

8. Mr. MADEY (Yugoslavia), referring to subsection (e), drew the Committee's attention to a typing error in the English text of Conference Room Paper No. 2. To correct the error, the phrase “of its consumption of such products to exports from” between the word “each” and the words “developed country” should be deleted.

9. Mr. CZARKOWSKI (Poland) supported the general principle embodied in subsection (e). Nevertheless, the text as it stood did not contemplate practical procedures for

carrying it out. The amendment submitted by the socialist countries to subparagraph (i)(e) (see Conference Room Paper No. 5) sought to remedy that omission.

10. Mr. OGISO (Japan) said that it would be difficult for the market-economy countries to allocate a defined percentage to imports of a given product. However, the amendment submitted by the socialist countries appeared to improve the original text.

11. Mr. LALOUX (Belgium) observed that in the last line of subsection (e) the word “exports” should be replaced by the word “imports”. Moreover, the developed market-economy countries would find it difficult to apply subsection (e) because trade was not in the hands of their Governments. However, they could of course encourage an increase of imports in the future.

12. Mr. CZARKOWSKI (Poland), explaining the amendment submitted to subsection (f) by the socialist countries (*ibid.*), said that again the socialist countries had tried to make the text more precise and more specific.

13. Mr. JANTON (France) said that in the French text the amendment submitted by the socialist countries, the term “if necessary” was rendered by “*le cas échéant*”, which did not exactly express the same idea.

14. Mr. QADRUD-DIN (Pakistan) proposed that a new subsection (f) should be inserted after subsection (e). The text would read:

“Where products of developing countries compete with the domestic production of developed countries and where tariffs, variable levies and other protective devices applied to such imports provide revenues to the importing developed countries, these revenues should be reimbursed to the Governments of the exporting developing countries in full.”

15. Mr. BRAVO (Argentina) said that his delegation understood the phrase “just and equitable international division of labour”, which appeared in the last line of subsection (f), to mean a break in the pattern which seemed to condemn certain countries to engage in the extraction or production of raw materials and prohibited them from transforming and transporting their own products. The new international division of labour should allow those countries to become fully integrated in the international process of industrialization.

16. Mr. OGISO (Japan) said that the question raised in subsection (f) had already been discussed previously and his delegation had already explained that it would be difficult for it to agree to a text involving such obligations. During the consideration of the results of the Second United Nations Development Decade, a formula had been established which had commanded general support. He therefore proposed that the present text of subsection (f) should be replaced by paragraph 52 of the text contained in General Assembly resolution 3176 (XXVIII).

17. Mr. FELIZ (Dominican Republic), turning to subsection (h) of paragraph 3 (i), said that, admittedly, the generalized system of preferences had advantages, but

¹ Official Records of the General Assembly, Twenty-fifth Session, Supplement No. 15, part two, annex I.

nevertheless its application was very restricted. In particular, Dominican exports were among the products not covered by the system. He therefore fully supported the objectives set forth in subsection (*h*) but regretted that it contained no indication of the means of achieving them. In case the question was not included in the agenda of the multilateral negotiations within the framework of the General Agreement on Tariffs and Trade (GATT), his delegation proposed that the following sentence should be added at the end of the subsection: "For this purpose, it is suggested that the measures in question should be reviewed within the framework of forthcoming multilateral negotiations."

18. Mr. KASEMSRI (Thailand) proposed the addition of the words "as well as the establishment of a similar system for primary commodities" after the word "semi-manufactures" in the first sentence.

19. Mr. PHANG (Malaysia) proposed, as a subamendment to the Thai amendment, the addition of the words "including those in processed and semi-processed form".

20. Mr. NUÑEZ CUESTA (Cuba) supported the amendment to subsection (*i*) of paragraph 3 (*i*), submitted by the socialist countries in Conference Room Paper No. 5.

21. Mr. PHANG (Malaysia) proposed that subsection (*i*) should be replaced by the following:

"Establishment of international buffer stocks, their long-term financing by importing and exporting countries on an equitable basis as well as the provision of long-term loans on easy terms to buffer stocks by international and intergovernmental financing institutions and by countries likely to remain in substantial balance of payment surplus over a period of years taking into account their foreign indebtedness".

22. Mr. BRAVO (Argentina) proposed the addition of the phrase "in order to benefit the developing countries producing and importing raw materials".

23. Mr. OGISO (Japan) said that feasibility studies should be made of buffer stocks and the means of financing them, on a commodity-by-commodity basis. He therefore proposed the wording: "Exploring the possibility of setting up buffer stocks and ensuring their financing" or "setting up buffer stocks and ensuring their financing whenever possible".

24. Mr. HINES (United States of America) endorsed the Japanese representative's views and supported his suggestion.

25. Mr. KASEMSRI (Thailand) remarked, in reply to the Japanese and United States delegations, that the matter of buffer stocks was highly important for the developing producer countries and that the Japanese amendment weakened the text. Moreover, the Programme of Action should propose not studies but practical measures.

26. On the other hand, his delegation supported the Malaysian amendment but suggested that the word "all" should be added before the words "importing countries".

27. Mr. JANTON (France) said that his delegation would support the opinion expressed by the representative of the countries of the European Economic Community at the previous meeting, but nevertheless pointed out that the methods of financing buffer stocks could vary according to the circumstances or the nature of the commodity. So far only the establishment of buffer stocks for tin and cocoa had been contemplated. In the case of tin, the stock was financed by the producing countries. In the case of cocoa, financing was effected by deductions from international transactions. He had cited those two examples so that the Committee would not prejudice the possibility of resorting to either procedure or even to other solutions.

28. Mr. NARASIMHAN (India) suggested the addition after subsection (*i*) of a further new subsection in addition to the two new subsections (*k*) and (*l*), proposed in Conference Room Paper No. 5. The new subsection would read as follows: "The levy of export duty as a device for securing increases in commodity prices".

29. Mr. PHANG (Malaysia) said he was not opposed to concessional sales to the developing countries so long as that was not detrimental to other developing countries that were producers of the same or competing products. He therefore proposed the addition of the words "taking into account the interests of other developing producer countries" at the end of subsection (*i*).

30. Mr. SANCHIS MUÑOZ (Argentina), Mr. SIENRA (Uruguay) and Mr. ROMERO (Colombia) supported the Malaysian proposal.

31. Mr. CAVAGLIERI (Italy) pointed out that, subject to what would be said by the representative of the Federal Republic of Germany on behalf of the European Economic Community, the Italian economic system was based on the principle of freedom of the market. It would therefore be difficult for the Italian Government to support the view expressed in subsection (*j*) of paragraph 3 (*i*).

32. Mr. HINES (United States of America) and Mr. OGISO (Japan) observed that that subsection, as well as subsections (*e*) and (*f*), would be difficult to accept because of the limited role of the public authorities in the economies of their countries.

33. Mr. VARGAS (Costa Rica), speaking on behalf of the delegations of Argentina, Bolivia, Colombia, Cuba, the Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela, proposed the following amendment, which would become subsection (*m*) of paragraph 3 (*i*) or, as he would prefer, would be placed immediately after subparagraph (*iv*):

"Developed countries should refrain from imposing measures or pursuing policies designed to prevent the importation at fair prices of primary products from developing countries or to obstruct the application of domestic measures or policies adopted by developing countries for the purpose of improving prices and promoting exports of these products".

That would lessen the imbalance between the developing and the developed countries and he hoped that the latter

would, on the current occasion, demonstrate their goodwill and their desire for a better understanding of the efforts made by the developing countries to support their prices.

34. The CHAIRMAN after a short procedural discussion with the United Kingdom representative, announced that all the amendments proposed during the day would be issued the following morning.

35. Mr. AL-MAHDI (Iraq) proposed, in the interest of clarity, that the words "and those between developed and developing countries" in paragraph 3 (ii) should be inserted after the words "Multilateral trade negotiations".

36. Mr. POLEZHAEV (Union of Soviet Socialist Republics) explained the reasons for the amendment to paragraph 3 (ii) proposed by the group of socialist countries (see Conference Room Paper No. 5): for them the expression "multilateral trade negotiations" had both a quantitative and a qualitative meaning. By proposing that the word "non-reciprocity" should be replaced by the words "most-favoured-nation treatment, mutual advantage and equality of all parties, the granting of", the sponsors of the amendment, far from seeking to exclude any essential provision from the text, had been trying to make it more precise.

37. Mr. OGISO (Japan) thought there were close links between paragraph 3 (ii) and paragraph 3 (m), of the draft Declaration. As agreement on that point in the draft Declaration seemed near, account should be taken of that fact in the drafting of the paragraph under consideration.

38. Mr. HINES (United States of America) drew the Committee's attention to the fact that the question was the subject of resolution 3085 (XXVIII), adopted by the General Assembly at its last session. As it had taken three to four weeks of hard work to draft that resolution, he thought the draft Programme of Action should use it as a basis rather than be the subject of a new discussion.

39. Mr. CHANG Tsien-hua (China) considered that the developing countries were fully justified in asking the developed countries to apply to them the principles of non-reciprocity and special and more favourable treatment. He remarked that the amendment submitted by the group of socialist countries contained nothing new, as the sponsors had already raised the question on several occasions. Being concerned only about their own interests, they were trying to apply pressure on other countries, but their efforts had not produced the expected results. The amendment in question was not in the interest of a large number of developing countries and his delegation could not support it.

40. Mr. NARASIMHAN (India) noted that paragraph 3 (ii) laid down principles which were of the utmost importance and had been accepted by the international community. The text was sufficiently clear, and he saw no need to amend it in any way.

41. Mr. KINYATA (Uganda) said that, as he saw it, some of the amendments put forward appeared to have no other purpose than to side-step certain issues. In his view, subparagraph (ii) should remain unchanged, except for the

inclusion of the amendment proposed by the representative of Iraq. He failed to see why some countries wanted the concept of non-reciprocity removed from the text. If delegations had amendments to propose, he would hope that they might be designed to improve the text, not to destroy it.

42. Mr. ABDENUR (Brazil) endorsed the text as formulated by the Group of 77. He did not feel that it was necessary, as one delegation had suggested, to await the outcome of the negotiations that were in progress on paragraph 3 (m) of the draft Declaration before taking a decision.

43. Mr. BAGBENI (Zaire) pointed out that subparagraph (ii), as drafted, dealt with a matter of concern, which had already been studied and discussed at length. Since 1973, the African States had jointly considered all questions pertaining to the various multilateral trade negotiations which were to be carried on at the international level. The text was thus the result of a long process of consideration and reflection, and the term "non-reciprocity" squarely met the concerns of the Group of 77. Accordingly, he requested the friendly countries which had proposed an amendment to subparagraph (ii) to withdraw it.

44. Mr. GARBA-JAHUMPA (Gambia) confirmed and endorsed the statements made by the representative of Zaire and agreed that subparagraph (ii) should be left as it stood, subject to the Iraqi amendment, which he found entirely acceptable.

45. Mr. POLEZHAEV (Union of Soviet Socialist Republics) said that he wished to dispel the misunderstanding which appeared to have arisen in regard to the amendment proposed by the group of socialist countries in Conference Room Paper No. 5. The sponsors of the amendment—contrary to the assertions of some speakers—were not seeking to establish relations with the developing countries based on the concept of most-favoured-nation treatment. The purport of the proposed amendment was that multilateral trade negotiations should be based on the principle of most-favoured-nation treatment, mutual advantage and the interest of all parties. Far from rejecting the essence of the crucial provision contained in the paragraph, the sponsors of the amendment wanted multilateral negotiations to be guided by fundamental principles.

46. Mr. PAQUI (Dahomey) said that he was not unreceptive to the arguments advanced by the USSR representative; however, since the methods consistently used in the past had spelt defeat for the initiatives of the developing countries, it had become necessary to adopt new approaches. The Soviet amendment, despite its obvious intention of helping the developing countries, nevertheless constituted a kind of stumbling-block.

47. Mr. NARASIMHAN (India) said that he disagreed with the USSR representative; the principle of non-reciprocity was essential in the context of multilateral trade negotiations.

48. Mr. TREU (Austria) recalled that the principle of non-reciprocity had been adopted more than 10 years previously (see General Assembly resolution 1897 (XVIII),

annex) and had been reaffirmed at the Ministerial Meeting of the Contracting Parties to the General Agreement on Tariffs and Trade, held at Tokyo in September 1973. It was a principle which should be applied exclusively for the benefit of developing countries. The most-favoured-nation principle was another matter altogether. His delegation was fully prepared to accept the text as it stood, with or without the Iraqi amendment.

49. Mr. POLEZHAEV (Union of Soviet Socialist Republics) pointed out that later in the text mention was made of preferential measures, which was tantamount to a recognition of the principle of non-reciprocity. Moreover, he drew attention to the provisions of paragraph 5 of the Declaration adopted at the Tokyo meeting, which indicated that negotiations should be conducted on the basis of the principle of mutual advantage, mutual commitments and general reciprocity, and also of most-favoured-nation treatment. It was for that reason that he considered the proposed amendment to be in keeping with the spirit of the Tokyo Declaration.

50. Mr. ABDENUR (Brazil) emphasized that there was a great difference between the principle of non-reciprocity and that of preferential treatment for developing countries, which in any event had a different origin; the principle of non-reciprocity had been adopted in GATT, while the principle of preferential treatment had originated with UNCTAD. He proposed that the text should be kept in its existing form, perhaps with the addition of the Iraqi amendment.

51. Mr. BRAVO (Mexico) endorsed the paragraph as it stood, with the Iraqi amendment. He proposed that, for the sake of clarity, the words "as held within the framework of the General Agreement on Tariffs and Trade" should be added to the Iraqi amendment.

52. The CHAIRMAN suggested that consideration of paragraph 3 (ii) should be suspended, as private consultations seemed to be necessary, and that the Committee should take up the next subparagraph.

53. Mr. LALOUX (Belgium) suggested that the words "to encourage" should be added to the introductory phrase of paragraph 3 (iii) and that subsections (a), (b), (c) and (d) should begin with a noun instead of a verb. That would retain the philosophy of the subsection while bringing them into line with the fact that the measures in question were more a matter for the private sector and would evolve in accordance with market conditions in all the market-economy developed countries and in some developing countries.

54. Mr. PAQUI (Dahomey) felt that the amendment proposed by the representative of Belgium, far from strengthening the text, would only weaken it. It would be better to retain the wording of the introductory phrase as it stood or to replace the word "encourage", suggested by the representative of Belgium, by the word "ensure".

55. Mr. CAVAGLIERI (Italy) proposed that the words "when feasible" should be inserted after the words "arrest and reduce" in subparagraph (iii)(b). Freight rates de-

pended on market conditions and were not subject to the authority of Governments.

56. Mr. OGISO (Japan) said that his delegation had difficulty in accepting subparagraph (iii)(b) in its existing form because it was unrealistic. The Italian proposal was an interesting possibility; another possibility would be to replace subsection (b) by paragraph (53)(e) of the International Development Strategy for the Second United Nations Development Decade (see General Assembly resolution 2626 (XXV)).

57. Mr. TARZI (Afghanistan) proposed the insertion, after the words "freight rates" of the following: "and high transit and trans-shipment costs, especially in connexion with the arbitrary freight charges of the liner conferences".

58. Mr. SALEM (Jordan) said that the need to make maximum use of the transport companies of developing countries should be emphasized in subsection (b).

59. Mr. STATHATOS (Greece), commenting on subparagraph (iii) as a whole, said that he agreed with the idea expressed in subsection (a). However, the phrase "the ever-increasing freight rates" in subsection (b) did not reflect the true state of affairs. Despite the steep increase in the price of fuel, and despite general inflation, freight rates had not increased. Moreover, in the market-economy countries, those rates did not depend on the Government but on the law of supply and demand. Shipping companies sometimes operated at a loss.

60. His delegation supported subsection (c) as it appeared in the text produced by the Group of 77; with regard to subsection (d), it should be emphasized that the code of conduct for liner conferences should be applied in such a way as not to reduce the volume of transport and to take into account actual conditions in the field of shipping.

61. Mr. HINES (United States of America) said all countries agreed that inflation was a serious problem in the contemporary world. He asked whether the authors of subparagraph (iii)(b) intended that, against the background of a general increase in prices, Governments should intervene to reduce freight rates. He did not see how that would be possible; at best, measures could be considered to keep freight rates as low as was commercially possible.

62. Mr. GARBA-JAHUMPA (Gambia) agreed with the representative of Dahomey concerning the wording of the introductory phrase to subparagraph (iii). He suggested that in subsection (b) the words "to reduce" should be replaced by "to effectively minimize".

63. Mr. DIALLO (Guinea) said that the question of freight rates was an extremely important one for the developing countries, since that was one of the areas in which the developed countries still had almost a monopoly. To justify their opposition to the subsection, some representatives had said that freight rates were subject to market conditions; that might well be an obstacle, but it did not really prevent the Governments of developed countries from intervening to modify freight rates. Accordingly, subsection (b) should be retained as it stood. He also agreed with the representative of Dahomey concerning the introductory phrase.

64. Mr. HUSLID (Norway) endorsed the idea contained in subsection (a); Norway had always tried to promote an increased and equitable participation of developing countries in the world shipping tonnage.

65. On the other hand, there was nothing to be gained by adopting a wording as vague as that of subsection (b). The text should be made more specific if it was to be anything but a pious hope.

66. Mr. NIOUPIN (Ivory Coast) said that freight and insurance was a field in which multinational corporations had long laid down the law in an extremely arbitrary way. Contrary to what some representatives had said, it was not the law of the market but solely the will of the transport companies that set freight rates. Those companies had not even waited for the increase in fuel prices to affect their costs before increasing their rates. If it was accepted, as it was in the draft Declaration, that the activities of multinational corporations must be controlled, it was not enough simply to "encourage" those corporations to arrest and reduce freight rates, as the representative of Belgium had suggested. Governments should take coercive measures when transport services were provided by private companies. The language of subparagraph (iii) (b) was therefore certainly not too strong.

67. Mr. SALEM (Jordan) said that subparagraph (iii) (c), as it stood, did not take account of the need to insure investments in developing countries in order to encourage the flow of capital. Some developing countries had established special institutions for that purpose, and the companies involved should try to reduce the cost of the insurance. The cost of insuring private investments in developing countries should also be mentioned. Lastly, some multinational investments were not covered by national insurance companies and, in the view of his delegation, that kind of insurance should be provided by international organizations, such as the World Bank.

68. Mr. HUSLID (Norway) said he regretted that he could not accept the idea contained in subparagraph (iii) (d). During the negotiations at the United Nations Conference of Plenipotentiaries on a Code of Conduct for Liner Conferences, held at Geneva under the auspices of UNCTAD from 12 November to 15 December 1973 and from 11 March to 6 April 1974, Norway had advocated the adoption of a code which, while retaining an element of multilateralism, would include a concept similar to that of the generalized system of preferences. The Convention on a Code of Conduct for Liner Conferences that had eventually been adopted² did not give preference to developing countries, and it favoured bilateralism. The developing countries, particularly the smallest among them, had certainly nothing to gain from the implementation of the Code.

69. Mr. HOHLER (United Kingdom) said that his delegation, like many others, had voted against the adoption of the Code of Conduct for Liner Conferences and could not, therefore, accept subparagraph (iii) (d). Moreover, since the Code had been adopted only three weeks previously and it

had not yet been possible to study it thoroughly, it would be premature for the Programme of Action to call for its immediate implementation. The question should be dealt with at the regular session of the General Assembly.

70. Mr. VAN GORKOM (Netherlands) endorsed the main idea of subparagraph (iii), namely that the transport capacity of the developing countries should be increased. His delegation also agreed that the developing countries should be given preferential treatment in that respect. It was, therefore, with regret that his delegation had had to abstain from voting on the draft Convention on a Code of Conduct for Liner Conferences, adopted a few weeks previously at Geneva. The text that had finally been adopted favoured not the developing countries but the developed countries, that being the very opposite of the purpose of the negotiations. His delegation therefore had strong reservations with regard to subparagraph (iii) (d).

71. Mr. HINES (United States of America) recalled that his delegation had been unable to sign the Convention establishing the Code of Conduct for Liner Conferences; accordingly, to its great regret, it was impossible for it to accept subparagraph (iii) (d).

72. Mr. BERLIS (Canada) said that his delegation had also abstained from voting on the draft Convention on a Code of Conduct for Liner Conferences, because the text which had been adopted did not strike a fair balance between the interests of carriers and those of shippers. Consequently, his delegation also had reservations with regard to subsection (d).

73. Mr. CAVAGLIERI (Italy) recalled that his delegation had always expressed doubts as to the legal nature of the Code of Conduct for Liner Conferences. When it had been decided that the Code would be in the form of a convention, the Italian delegation had still hoped that the content of the text would be such that it could approve it. Unfortunately, the provisions of the Code were such as to raise serious doubts, and his delegation had had to abstain from voting on the draft Convention. Accordingly, it must express reservations with regard to subsection (d).

74. Mr. WESTLUND (Sweden) endorsed the comments made by the representative of Norway. He regretted that his delegation had also had to vote against the draft Convention on a Code of Conduct for Liner Conferences, because it had felt that the text encouraged bilateralism and favoured the developed rather than the developing countries.

75. Mr. TARZI (Afghanistan), turning to paragraph 3 (iv), suggested that the words "especially in respect of very high transportation and transit costs" should be inserted after the word "measures". He also suggested the insertion, after the words "island countries", of the following: "including the establishment of a special fund to compensate for the excessively high transportation and freight costs". Those amendments could perhaps also be included in subparagraph (iii).

² See document TD/CODE/11REV.1, annex I.

76. Mr. SOURINHO (Laos) pointed out that the causes of the disadvantages of land-locked and island countries respectively were not the same, so that the appropriate remedies were probably not the same either. The following should therefore be added at the end of the paragraph: "In the case of land-locked countries, there should be a

guarantee, in accordance with the rules enunciated in international conventions, for the transit of their exports and imports."

The meeting rose at 6 p.m.

15th meeting

Tuesday, 23 April, 1974, at 10.50 a.m.

Chairman: Mr. Fereydoun HOVEYDA (Iran).

A/AC.166/SR.15

In the absence of the Chairman, Mr. Kułaga (Poland), Vice-Chairman, took the Chair.

AGENDA ITEM 7

Study of the problems of raw materials and development (continued) (A/9544 and Add.1 and Add.1/Corr.1 and Add.2, A/9545, A/9546, A/9548, A/AC.166/L.1/Rev.1 and Corr.1, A/AC.166/L.2-13, A/AC.166/L.14/Rev.1 and Rev.1/Corr.1, A/AC.166/L.15-24, A/AC.166/L.25/Corr.1, A/AC.166/L.26-29; Conference Room Papers Nos. 2, 5 and 5/Add.1)

CONSIDERATION OF THE DRAFT PROGRAMME OF ACTION ON THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER (*continued*)

1. The CHAIRMAN reminded members that the deadline for the submission of amendments to the draft Programme of Action on the Establishment of a New International Economic Order (Conference Room Paper No. 2) was noon that day, 23 April.

2. Mr. RUGGIERO (Italy), Mr. NISHIZAKI (Japan) and Miss YOUNG (United Kingdom) expressed the hope that that deadline would not be strictly applied, since consultations were still in progress on the texts they wished to submit.

3. The CHAIRMAN assured them that the rule would be applied with a certain flexibility.

4. Mr. CARANICAS (Greece), opening the discussion on section II, paragraph 1, which dealt with the reform of the international monetary system, said that he had no objection to the original text of paragraph 1 (a). However, he would like to know how the drafters of the text expected to eliminate the transfer of inflation, which in any event could be done only partially, since the entire world was suffering from some degree of inflation. If they had in mind some device within the framework of international monetary reform, he would be glad to hear what it was so as to be able to judge its feasibility.

5. Mr. HINES (United States of America) said the United States found the wording of the subparagraph difficult to

accept, as it was far too sweeping. It should, of course, be one of the goals of international monetary reform to seek to eliminate the transfer of inflation from any one group of countries to another, but his delegation could not accept the position that no monetary reform would be acceptable unless it prevented such a transfer. The subparagraph might be redrafted to make that point clear.

6. Mr. ABDENUR (Brazil) said that two very important points had been made by the first two speakers on paragraph 1 (a). The representative of Greece had pointed out that inflation was world-wide and had implied that one could hardly single out for emphasis the fact that it must not be transferred from developed to developing countries. However, inflation was not a natural phenomenon like the weather but was the outcome of the choice of certain economic policies, and it had a great deal to do with the existing imbalance in the relations between developed and developing countries. It was more than a rise in prices; it was a process of income redistribution in international relations. Within countries inflation led to the concentration of income in the hands of a small group at the top of the income distribution pyramid, and similar effects could be felt on the international plane. That was why it was essential to include in the Programme of Action the principle that inflation originating in developed countries should not be passed on to developing countries, as could happen because of the price link between the developing countries' exports and their imports from the developed countries. The question was also closely related to the developing countries' need to receive remunerative prices for their products. Some recent increases in the prices of primary commodities could be said to be inflationary, but they were not necessarily so in view of the enormous capacity of the developed countries to absorb increases in the prices of raw materials without instant inflation. What the developing countries needed was higher prices for their products, stabilized at a remunerative level. The goal would be difficult to achieve, but it must be clearly stated in the Programme of Action.

7. He agreed with the United States representative that elimination of the transfer of inflation should not be a condition for proceeding with international monetary reform. Work could proceed in other directions at the same time, but the principle itself was of such crucial importance that it must be stated.

8. Mr. NIMATALLAH (Oman) proposed a new wording for subparagraph (a), reading as follows: "To help to insulate developing countries from the inflation prevailing in developed countries."

9. Mr. NEYCHEV (Bulgaria) said that reform of the capitalist monetary system was both necessary and urgent in view of the fact that its instability had an adverse effect on world trade and on the developing countries. The text of paragraph 1 (b) did not sufficiently emphasize the adverse effects of unstable exchange rates on commodity trade; it was only a general statement. The Eastern European countries had therefore proposed an amendment (see Conference Room Paper No. 5) whereby a comma would be placed after the word "trade" and the word "especially" would be inserted before the words "in commodities".

10. Mr. HINES (United States of America) said that, as it stood, the text seemed to suggest that the only adverse effect which monetary instability produced was on commodity trade. He did not know whether that was the intention of the drafters, but his delegation felt that such instability produced adverse effects in many other areas as well. A more acceptable formulation might be "Measures to eliminate the instability of the international monetary system because, in particular, it adversely affects trade in commodities".

11. Mr. NIMATALLAH (Oman) said that the developing countries were anxious to include fixed exchange rates in the monetary system that would emerge from the present reform. He therefore proposed the following amendment to paragraph 1 (b): "To adopt fixed exchange rates with enough flexibility to adjust periodically according to a proper mechanism designed to maintain international monetary stability."

12. Mr. CARANICAS (Greece) observed that the representative of Bulgaria was mistaken in thinking that only the capitalist monetary system was being reformed; what was involved was the whole international monetary system. The stability of that system was important to all countries, including those of Eastern Europe, as there could be no stable trade relations without a stable monetary system. The International Monetary Fund's *Ad Hoc* Committee of the Board of Governors on Reform of the International Monetary System and Related Issues, known as the Committee of 20, had been unable thus far to agree on how to make the system stable, but its members did agree that it should be adjustable. Fixed exchange rates were therefore out of the question. That position had the support of the Group of 77, which was why he felt that their formulation of subparagraph (b) should be given every consideration. Nevertheless, the United States representative was right in stressing the fact that stability was important not only for commodity trade; it affected the whole of world trade. He did not object to the United States proposal to introduce the words "in particular" but he felt that some more drafting changes were needed to ensure that the general effects and the effects in the specific area of commodity trade were kept separate. He suggested that that might be achieved in some measure by slightly rewording the text to read "...affecting adversely the world trade in commodities".

13. Mr. SALEM (Jordan) said that subparagraphs (c) and (f) were closely linked and should be combined into a single text. He proposed the following wording:

"To ensure the full and effective participation of the developing countries in all phases of decision-making for the formulation of a new equitable and durable monetary system, which should reform the existing voting system based on quotas and ensure an adequate representation of developing countries in all bodies interested in the reform of the international monetary system and its management." (See Conference Room Paper No. 5/Add.1.)

14. Mr. NIMATALLAH (Oman) agreed with the representative of Jordan but felt that the proposed text was too long. He proposed the following alternative text:

"To ensure full and effective participation of developing countries in all phases of decision-making, at all levels, for the formation and utilization of a better international monetary system characterized by more equitable voting procedures."

15. Miss YOUNG (United Kingdom) said that the term "Board of Governors" should be used instead of "Council of Governors" at the end of subparagraph (c).

16. Mr. GUDAC (Yugoslavia) said that, while the amalgamation of subparagraphs (c) and (f) had its merits, it should not be forgotten that the two subparagraphs were concerned with two quite different ideas. Paragraph (c) provided for the participation of developing countries in decision-making during the interim period after the Committee of 20 completed its work. Although he understood the United Kingdom representative's desire for correct phraseology, "Board of Governors" would be a misnomer. The reference was to the Council of Governors, which was to take over the work of the Committee of 20. There was a difference in the timing of that reform, which would take place probably in June 1974, and that of a reform of the voting system, which would follow it but would probably not be completed before 1975. It was important that both ideas should be preserved, but they should not be confused.

17. Mr. WAGNER (Peru) agreed with the representative of Yugoslavia. The Council of Governors was to be set up in June, but the other measures, such as reform of the voting system, would not be proceeded with until the Council so decided. The developing countries were anxious not only to participate in the decision-making but to see that their interests were taken into account at each stage of the reforms. That had been partially achieved when the Committee of 20 had decided to recommend the establishment of the Council, which had been approved with the support of a section of the group of developed countries. However, Peru and some other developing countries had not been convinced that the Council would really represent the interests of the international community. Several developed countries had emphasized the fact that, to be effective, the Council must be small; however, Peru had felt that a Council with a membership of seven could not represent the international community, but only its members. His delegation was therefore anxious that the existing subparagraph (c) should be drafted to make that position as clear as possible.

18. Mr. BOUDAOUARA (Tunisia) said that the text would be clarified if the word "permanent" was inserted before the words "Council of Governors" to distinguish it from the plenary body.

19. Mr. CHANG Tsien-hua (China) said it was obvious that the present international monetary system required reform because it had become an obstacle to the development of international trade and tended to transfer monetary crises to the developing countries. The latter must obviously participate in the reform at all stages of decision-making. The remarks that had been made about special drawing rights and the transfer of inflation from developed to developing countries were undoubtedly correct. The International Monetary Fund was dominated by one super-power and did not represent the developing countries. It was well known that the international monetary organs had been used in recent years for political purposes, such as the subverting of Governments. Furthermore, the Fund had so far failed to implement General Assembly resolution 2758 (XXVI) and was not giving his country its rightful seat in the organization. Such a flouting of the authority of the General Assembly could not be tolerated by his delegation.

20. Mr. NIMATALLAH (Oman) said that, while he was in basic agreement with the points raised by the representative of Yugoslavia, the existing text failed to bring out the progression in time which he had mentioned. In reality, both subparagraphs referred to the future, although subparagraph (f) had a slightly more distant perspective than subparagraph (c). It was because of the fact that both did refer to the future that his delegation had proposed a combined text. However, if the provisions of subparagraph (c) were to be put into effect almost immediately, another formulation would be required.

21. Mr. AMERASINGHE (Sri Lanka) agreed with the representative of Yugoslavia that subparagraphs (c) and (f) dealt with separate issues; reform of the voting quota system would come later, but the participation of developing countries in all phases of decision-making could be achieved immediately. The developing countries were already participating in current action for reform, and any decision on reform would have to be taken in accordance with the voting quota system in operation at the time of the decision.

22. Mr. CARANICAS (Greece) said that subparagraph (c) referred to the past situation, in which the developing countries had not been included in the councils of the developed countries. In recent years developing countries had been admitted to and had participated fully in the Committee of 20. That point was quite different from the point made in subparagraph (f). Subparagraphs (c) and (f) did overlap to some extent but, in view of what had been said by the representatives of Yugoslavia and Peru, his delegation thought they should remain separate.

23. The representative of China had exaggerated in saying that the International Monetary Fund was indifferent to the needs of the developing countries. All countries hoped that China would soon begin to participate in the work of the Fund.

24. He was not sure that the question of reform of the voting quota system should be raised in the Programme of Action, but, if it was, subparagraph (f) should be more specific; it should be remembered however that the principle of "one country, one vote" was not practical at the present time. His delegation could not understand why the draft Programme of Action made no mention of the World Bank, which was actively engaged in helping the developing countries.

25. Mr. OGISO (Japan) thought that subparagraph (c) should be worded in such a way as not to disrupt the current efforts for monetary reform undertaken by the Group of 20. He suggested that the paragraph should read:

"Full and effective participation of developing countries in the discussion and decision-making process of reform, for which the International Monetary Fund's *Ad Hoc* Committee of the Board of Governors on Reform of the International Monetary System and Related Issues is fully responsible".

26. Mr. SALEM (Jordan) said that the aim of both subparagraph (c) and subparagraph (f) was to ensure the representation of developing countries in all bodies interested in the reform and future management of the international monetary system. His delegation's proposal for the amalgamation of the two paragraphs took full account of that aim. He thought that the ideas put forward by the representatives of Yugoslavia and Peru should certainly be incorporated in the paragraph; that could be done at the drafting stage.

27. Mr. ROMERO (Colombia) said that the developing countries constituted a very important sector of the world economy and they could no longer accept that the international monetary system should be managed by countries which had nothing in common with them. The developing countries must therefore participate fully in the work of the International Monetary Fund, which was the most appropriate forum for monetary reform.

28. Trade relations between the socialist countries and the market-economy countries had grown stronger during the 1960s. Accordingly, monetary reform could not be effective without the participation of the socialist countries. His country's Minister for Finance had made that point in his statement to the Governors of the International Monetary Fund and the World Bank at their meeting at Bogotá in 1972.

29. His delegation proposed that a new subparagraph should be inserted after subparagraph (f), reading as follows: "Arrangements to ensure the promotion of an increasing net transfer of real resources from the developed to the developing countries".

Mr. Arvesen (Norway), Vice-Chairman, took the Chair.

30. Mr. ARMENDARIZ (Mexico) said that his delegation supported the text in its original form, but the important new paragraph proposed by Colombia should be included.

31. Mr. GONZALEZ (Bolivia) said that the participation of the developing countries was a basic requirement for

monetary reform. The main aim should be liberalization of the monetary and trade systems in full accordance with the interests of the developing countries. Often the developing countries suffered from changes in the monetary system for which they were in no way responsible. His delegation supported the existing text because it opened the way for positive action, but it thought that the addition proposed by Colombia should be included.

32. Mr. HARMON (Liberia) suggested that the representatives of Yugoslavia, Jordan and Peru should meet informally to prepare a revised version of the subparagraph, which should be circulated to all delegations with a view to further discussion.

33. Mr. PEREZ THOMAS (Argentina) said that, in his delegation's view, the ideas contained in subparagraphs (c) and (f) should be retained, even if the two texts were amalgamated. His delegation supported the Colombian proposal, which reflected the political will emerging in the international community.

34. Mr. TARZI (Afghanistan) proposed that the words "and liberalization" should be inserted after the word "allocation" in paragraph 1 (d) and that the words "keeping in mind the special needs of developing countries" should be added at the end of the subparagraph.

35. Mr. KASEMSRI (Thailand) supported the subparagraph as amended by the representative of Afghanistan. He understood the second sentence to refer only to the creation of international liquidity; consideration would also have to be given to the question of allocations to members of the International Monetary Fund in accordance with quotas to be agreed at a later stage.

36. Mr. OGISO (Japan) said that his delegation would prefer the wording used in paragraph 59 (e) of the review and appraisal of progress in the implementation of the International Development Strategy for the Second United Nations Development Decade, contained in General Assembly resolution 3176 (XXVIII), namely:

"Additional creation of special drawing rights in an adequate and orderly manner by the International Monetary Fund to be determined on the basis of global liquidity needs".

37. Mr. WAGNER (Peru), referring to the Japanese amendment, said that, in the view of the developing countries, the rules governing special drawing rights (SDRs) should be changed in their favour. International liquidity was in the hands of a small group of countries, and part of it never entered the international monetary system. The *Ad Hoc* Committee should work on the basis of the general need for international liquidity. The purpose of the second sentence of subparagraph (d) was to combat the recent trend whereby a group of countries unilaterally created international liquidity, which adversely affected liquidity in the international community as a whole. The developing countries had no part in such action and had not even been able to give their views on the creation of additional liquidity.

38. Mr. ABDENUR (Brazil) endorsed the comments of the representative of Peru and supported the original wording of the paragraph.

39. Mr. GUDAC (Yugoslavia) said that there was strong support in International Monetary Fund documents for the proposal that the concept of global liquidity needs should be reviewed and that the assessment of these needs should be based not only on the adequacy or inadequacy of global liquidity but also on such considerations as the distribution of reserve holdings, particularly when large reserves were concentrated in countries that were unlikely to face correspondingly large deficits in the near future. The justifiable idea had also been put forward that developing countries might need to hold larger reserves in view of the wider fluctuations in their volume of exports and in their receipts on current account. That too was different from simply applying a formula for the assessment of global liquidity needs.

40. Mr. SALEM (Jordan) drew attention to his delegation's amendment to paragraph 1 (e) (see Conference Room Paper No. 5/Add.1) and said that the new formula for the distribution of deliberately created SDRs should take account of such factors as those just mentioned by the representative of Yugoslavia.

41. Mr. WAGNER (Peru) said that the developing countries felt a profound sense of frustration because the international community, through the Committee of 20, had not yet agreed to establish a link between SDRs and development financing, an idea which the developing countries had been proposing for several years. Although a number of developed countries had supported the majority view in favour of establishing a direct link by assigning a higher proportion of SDRs to the developing countries than was provided for in their Fund quotas, a minority had prevented an agreement. Accordingly, his delegation felt that subparagraph (e) should remain as it stood.

42. Mr. GAJENTAAN (Netherlands) said that his delegation endorsed the existing version of paragraph 1 (e).

43. Mr. GONZALEZ (Bolivia) said that subparagraph (e) should be viewed against the broader background of the failure of the developed countries to transfer sufficient net resources to the developing countries to enable them to carry out their development plans. The slow process of negotiations for the purpose of establishing a link between SDRs and development financing had virtually paralysed efforts to increase the availability of resources for development. Accordingly, his delegation fully supported subparagraph (e).

44. Mr. CARANICAS (Greece) said that subparagraph (e) was acceptable, although incomplete. His delegation could endorse a briefer version of the Jordanian proposal, omitting the words "which tends to make the rich richer and the poor poorer"—a statement of the obvious that added nothing to the Programme of Action. The paragraph should indicate that SDRs should be a central feature of the new international monetary system, without going into specific details which might prejudice the outcome of the deliberations of the Committee of 20. His delegation was surprised that no reference was made to the World Bank, which provided resources for development financing while the International Monetary Fund dealt solely with temporary balance-of-payments problems.

45. Mr. BENNANI (Morocco) supported the Jordanian proposal. Paragraph 1 (e) was based on General Assembly

resolution 3084 (XXVIII), which had been adopted without objection, and the need to establish the link must be emphasized in the text.

46. Mr. SALEM (Jordan) said that his delegation would not object to the deletion from its proposed text of the words "which tends to make the rich richer and the poor poorer". It could also agree to reverse the order of the two ideas in that text in order to emphasize the importance of establishing the link.

47. Mr. TARZI (Afghanistan), referring to subparagraph (f), proposed that a wording along the following lines should be inserted at the end of the subparagraph: "especially ensuring that the voting power of the developing countries, particularly the least developed countries, is not linked to the size of quotas".

48. Mr. OGISO (Japan) said that section II as a whole should be based on General Assembly resolution 3084 (XXVIII). In view of the fact that his delegation had had certain reservations regarding that resolution, it suggested that paragraph 1 (f) should be amended to read as follows:

"The International Monetary Fund to review the present quota structure, bearing in mind that the quota structure should duly reflect the present situation of each country."

49. The CHAIRMAN invited any further comments on section II, paragraph 1.

50. Mr. NEYCHEV (Bulgaria) drew attention to the proposal for the addition of a new subparagraph (g) submitted by his delegation and those of other Eastern European States (see Conference Room Paper No. 5). That proposal reflected two basic ideas which were generally accepted. Effective international economic co-operation required the participation of all countries. The existing international monetary structure was based on the capitalist system. Although subparagraph (c) referred to the participation of developing countries, it was also appropriate to call, as the proposed new paragraph did, for the participation of all States in the consideration of monetary problems; such participation would facilitate efforts to reform the international monetary system, establish equality and justice and expedite development.

Mr. Kułaga (Poland), Vice-Chairman, resumed the Chair.

51. Mr. AL-CHALABI (Iraq) said that, owing to currency fluctuations and the uncertainty of the international monetary situation, the liquid assets of developing countries in excess of what they could spend frequently decreased in value. For example, a study by the United Nations Conference on Trade and Development (UNCTAD) had shown that the loss to the Arab States in 1971 had been of the order of \$500 million. The reserves of all developing countries were affected. Accordingly, his delegation proposed the insertion of an additional subparagraph, reading as follows: "Guaranteeing stable purchasing power of liquid assets held by developing countries".

52. Mr. CARANICAS (Greece) said that his delegation whole-heartedly endorsed the ideas conveyed in the amendment referred to by the representative of Bulgaria. However, the Committee of 20 did take into account the

interests of all States, and he saw no reason why a country desiring to defend its rights more effectively could not join the World Bank and thus have a say in monetary matters.

53. His delegation wished to study the Iraqi proposal in writing.

54. Mr. UDOVENKO (Ukrainian Soviet Socialist Republic) said that the proposal referred to by the representative of Bulgaria, of which his own delegation was a sponsor, was based on General Assembly resolution 3084 (XXVIII) and UNCTAD resolution 84 (III).¹

55. With regard to the remarks of the representative of Greece, the socialist countries did not agree that international monetary problems could be solved within the framework of the International Monetary Fund, which had shown itself incapable of dealing with those problems and was not representative of the interests of all countries. The task of reforming the system and ensuring that the interests of all countries, particularly developing countries, were protected should be entrusted to another forum, such as UNCTAD, which should be strengthened.

56. Mr. SALEM (Jordan) said that his delegation was in favour of the Colombian proposal regarding the transfer of real assets to the developing countries. However, reference should also be made in section II to the need for operational safeguards against capital flight. Accordingly, his delegation hoped that the final version would reflect the substance of the new subparagraph (g) proposed by his delegation (see Conference Room Paper No. 5/Add.1).

57. Mr. HINES (United States of America) said his delegation had hoped that the special session would build on the consensus on monetary reform and international trade issues reflected in General Assembly resolution 3084 (XXVIII), which had been adopted only four months previously. So far as monetary reform was concerned, the Group of 77 had instead incorporated in the draft Programme of Action views which had been and still were contentious. His delegation would not be able to accept texts that did not reflect the consensus reached by the General Assembly. It trusted that a consensus could be worked out on the draft Programme of Action.

58. Mrs. DERRE (France) said that her delegation had not commented on the various subparagraphs of section II, paragraph 1, because they dealt with issues which were being discussed in other forums dealing specifically with international monetary matters. Her delegation could not accept a text which went beyond General Assembly resolution 3084 (XXVIII), and it was open to any proposals that might lead to agreement.

59. Mr. MÜNZBERG (Federal Republic of Germany) said that all the questions raised in section II, paragraph 1, were under discussion in other forums, and the Committee should not anticipate the decisions which would emerge on specific details. His delegation could support a text based on General Assembly resolution 3084 (XXVIII).

The meeting rose at 1 p.m.

¹ See *Proceedings of the United Nations Conference on Trade and Development, Third Session, vol. 1, Report and Annexes* (United Nations publication, Sales No. E.73.II.D.4), annex I.A.

16th meeting

Tuesday, 23 April 1974, at 3.20 p.m.

Chairman: Mr. Fereydoun HOVEYDA (Iran).

A/AC.166/SR.16

In the absence of the Chairman, Mr. Kułaga (Poland), Vice-Chairman, took the Chair.

AGENDA ITEM 7

Study of the problems of raw materials and development (continued) (A/9544 and Add.1 and Add.1/Corr.1 and Add.2, A/9545, A/9546, A/9548, A/AC.166/L.1/Rev.1 and Corr.1, A/AC.166/L.2-13, A/AC.166/L.14/Rev.1, A/AC.166/L.15-24, A/AC.166/L.25 and Corr.1, A/AC.166/L.26-29; Conference Room Papers Nos. 2, 5 and 5/Add.1)

CONSIDERATION OF THE DRAFT PROGRAMME OF ACTION ON THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER (continued)

1. Mr. RUGGIERO (Italy) opened the discussion of section II, paragraph 2, of the draft Programme of Action (Conference Room Paper No. 2), dealing with the financing of the development of developing countries and urgent measures to meet balance-of-payment crises in the developing world. He recalled, in connexion with paragraph 2 (a), that, prior to the adoption of the International Development Strategy for the Second United Nations Development Decade (General Assembly resolution 2626 (XXV)), his delegation had expressed reservations regarding the idea of setting time-limits for the implementation of the official assistance programme.¹ Referring to the second sentence of the subparagraph, he said that it would be appropriate to indicate that the increase in the transfer of resources should be the responsibility of those countries which could afford such an increase. His delegation recognized the importance of official assistance, but felt that private aid should also be mentioned.

2. Mr. HINES (United States of America) said he regretted that the second part of subparagraph (a) went beyond the text adopted at the time of the review and appraisal of progress in the implementation of the International Development Strategy (General Assembly resolution 3176 (XXVIII)). The subparagraph was therefore unacceptable to his delegation.

3. Mr. KINYATA (Uganda), referring to subparagraph (b), said that some developing countries had been the victims of machinations by international financing institutions, particularly the World Bank. The Bank was dominated by certain developed countries, which brought pressure to bear on it so that countries whose actions were not to their liking did not receive, or received as late as possible, the funds promised to them. That was why, in subparagraph (b), international financing institutions were asked not to resort to political discrimination against any developing country.

4. Mr. FELIZ (Dominican Republic) supported the comments of the representative of Uganda. It did seem to him that the decisions of international financing institutions were often in accordance with the wishes of the largest contributors. He therefore suggested that a new paragraph setting that out rather more plainly should be added.

5. The CHAIRMAN recalled that it had been decided at the preceding meeting that all substantive amendments should be submitted to the Secretariat in writing before 1 p.m.

6. Mr. BANDA (Uruguay) said that the oil crisis and the revaluation of the prices of strategic raw materials had had disastrous effects on the economies of some developing countries. That idea was stressed in the draft Declaration and it would be logical to refer to it again at that point. Yet subparagraph (c) dealt only with normal situations and not crisis conditions. He therefore suggested that the subparagraph be replaced by the following text:

“Establishment of an international fund designed primarily to correct the disequilibriums caused in the balance of payments of the developing countries by the changes in the prices of raw materials, food and fertilizers as well as those caused by the inherent requirements of the development process. In both cases, special account shall be taken of the position of the least developed, land-locked and island developing countries and of those affected by economic crises and natural disasters.”

7. Mr. NEYCHEV (Bulgaria) said that his delegation supported the struggle of the developing countries to achieve their economic independence and felt that the establishment of a special fund and financing of the balance-of-payment deficits of the developing countries was justified. However, it should be borne in mind that multinational corporations were responsible for the difficulties facing the developing countries; furthermore, those countries sometimes received assistance from other developing countries. Consequently, the new fund to be established should be financed on a voluntary basis. That was why the socialist countries had suggested the amendment to paragraph 2 (c) which appeared in Conference Room Paper No. 5.

8. Mr. AL-MAHDI (Iraq) felt that it must be specified that the new international fund facility to be established should be financed mainly by the developed countries, which were primarily responsible for the economic backwardness of the developing countries. Iraq had already made a contribution equivalent to 10 per cent of its gross national product to assist the countries most seriously affected by the crisis. He suggested that subparagraph (c) should be amended to read as follows:

“The international community, mainly the developed countries, are called upon to provide the developing

¹ See *Official Records of the General Assembly, Twenty-fifth Session, Second Committee, 1314th meeting, para. 42.*

countries with immediate as well as long-term balance-of-payment deficit financing; in this connexion, the establishment of international credit facility is recommended.”

9. He agreed with the Bulgarian delegation that participation in the fund facility to be set up should be voluntary.

10. Mr. HINES (United States of America) said he had understood that the new international fund facility referred to in subparagraph (c) was the one the establishment of which was envisaged within the International Monetary Fund (IMF). In that case, to provide for the “establishment” of a new international fund facility would prejudice the outcome of the negotiations in progress. However, it would seem from certain statements that the reference was to the establishment of a new international fund facility outside IMF. In that case, it would be even more difficult for his delegation to accept the paragraph.

11. Mr. WAGNER (Peru) said he too had understood that the international fund facility was to be established within IMF. He would like the sponsors to clarify their intentions.

12. Mr. MÜLLER-THUNS (Federal Republic of Germany) expressed his full agreement with the representative of the United States regarding subparagraphs (a) and (c) and announced that his delegation had submitted some amendments on the subject on behalf of the nine countries of the European Economic Community.²

13. Mr. KINYATA (Uganda) supported the amendment proposed by the representative of Iraq. In his view, however, it should be specified that the new international fund facility to be established should provide assistance to the developing countries through the regional development banks, which were better informed about the needs of the various countries than a world organization could be.

14. Mr. BANDA (Uruguay) drew the attention of the representative of Uganda to the fact that the regional banks provided mostly long-term assistance and did not really deal with crisis situations.

15. Mr. BOUDAOUARA (Tunisia), turning to subparagraph (d), suggested that the facilities IMF could make available to member countries should be spelt out. He therefore suggested that the subparagraph should be amended to read as follows:

“Review the methods of operation of the International Monetary Fund, in particular, on the one hand, the terms for the repayment of standby lines of credit and, on the other hand, the system, conditions and terms for the repayment of credits granted as compensatory financing to offset fluctuations in export earnings and as financing of commodity buffer stocks, to enable developing countries to make more satisfactory use of them”.

16. Mr. FELIZ (Dominican Republic) expressed surprise that the Tunisian amendment could apparently be submitted when he (Mr. Félix) had been told that he could not submit his amendment.

17. Mr. BOUDAOUARA (Tunisia) said that his delegation had submitted its amendment to the Secretariat in writing before the deadline.

18. Mr. RUGGIERO (Italy) recalled that the Committee had decided at the preceding meeting to be flexible in applying its decision concerning the deadline for submission of written amendments.

19. After a procedural discussion in which Mr. RUGGIERO (Italy), Mr. KANE (Mauritania), Mr. NISHIZAKI (Japan), Mr. MÜLLER-THUNS (Federal Republic of Germany), Mr. AL-EBRAHIM (Kuwait), Mr. WILDER (Canada), Mr. PHANG (Malaysia), Mr. BENNANI (Morocco) and Mr. PAQUI (Dahomey) took part, the CHAIRMAN suggested that the deadline for the submission of written amendments to Conference Room Paper No. 2 should be extended until 5 p.m.

It was so decided.

20. Mr. WAGNER (Peru) proposed that the word “determining” should be replaced by the word “examining” in the English version of subparagraph (e). The Spanish text would then have to be altered to reflect that change exactly. The point was that it was not for the international community, but for the countries concerned themselves, to decide what controls could be applied.

21. Mr. HINES (United States of America) said that his delegation could not accept the subparagraph (e) as it stood, because it departed too far from the corresponding paragraph (paragraph 11) of General Assembly resolution 3084 (XXVIII).

22. Mr. RUGGIERO (Italy) agreed with the United States representative that the text of subparagraph (e) was not in line with the corresponding paragraph of General Assembly resolution 3084 (XXVIII), which had been adopted by consensus after very long and very arduous negotiations. It was therefore difficult for his delegation to accept subparagraph (e).

23. Mr. BOATEN (Ghana) said that he found that kind of objection hard to understand; if all the resolutions adopted in the past had proved satisfactory, there would be no need to adopt a new text. Moreover, new factors had emerged since the adoption of the resolution in question. The argument put forward by the United States delegation therefore seemed a little specious.

24. Mr. CARANICAS (Greece) said that he appreciated the Ghanaian representative’s point of view, since some improvement on the texts adopted in the past should be made. On the other hand, the world situation was changing rapidly. Thus, there were some developing countries which currently had considerable surplus liquidity. Those countries could therefore invest in other developing countries, and some form of guarantee should be provided for them.

25. Mr. HINES (United States of America) said he regretted that his concern for brevity should have been misinterpreted. He recalled that resolution 3084 (XXVIII) had been finalized after very lengthy negotiations and consultations. The differences of opinion had finally been

² Subsequently circulated in Conference Room Paper No. 5/Add.4.

resolved with the adoption of a text which had been carefully considered. Paragraph 2 (*e*) reopened the whole question, and that could only delay the proceedings. The only way to reach a consensus was to bring the text of subparagraph (*e*) into line with that of paragraph 11 of resolution 3084 (XXVIII).

26. Mr. MWASAKAFYUKA (United Republic of Tanzania) agreed with the representative of Ghana and noted that resolution 3084 (XXVIII), to which the United States representative repeatedly referred, had done absolutely nothing to remedy the situation. Moreover, there had been many developments since the adoption of that resolution, and he suggested that the United States representative should look towards the future.

27. Mr. RUGGIERO (Italy) proposed that the words "countries, as well as all countries which are in a position to do so" should be inserted after the word "developed" in subparagraph (*f*).

28. Mr. SALEM (Jordan) said he thought that subparagraphs (*g*) and (*h*) could be merged, because both were concerned with the question of debt servicing. The new subparagraph (*g*) would read as follows:

"To take appropriate international action to settle outstanding external debt contracted by developing countries on hard terms with soft concessionary loans, and to reschedule external debts in accordance with their most likely prospects of repayment". (See Conference Room Paper No. 5/Add.1.)

29. Mr. NIOUPIN (Ivory Coast) announced that his delegation had submitted a written amendment to subparagraph (*h*). It proposed that the existing text should be replaced by the following:

"(i) Appropriate rescheduling measures, including the partial or complete writing off of interest on previous financing, in order to eliminate the heavy burden of servicing external debts;

"(ii) Granting of loans to the developing countries on more favourable terms than in the past, i.e. extension of the repayment period from 30 to 50 years, a 3 per cent maximum for interest charges and provisional waiver clauses."

30. He also read out the amendments which his delegation would like to make to section I, paragraph 1 (iv).

31. Mr. CARANICAS (Greece), speaking on a point of order, noted that most of the amendments and subamendments had been submitted by countries belonging to the Group of 77, which had actually drafted the text under consideration. The Committee's work might be expedited if those countries would agree beforehand on a common text.

32. Mr. NIOUPIN (Ivory Coast) said that he considered the comments of the representative of Greece inadmissible. The draft Programme of Action was not an official proposal of the developing countries, but a basic text. In fact, it was fortunate that the Group of 77 had had the presence of mind to draw up a text, as otherwise the Committee would have had nothing to work on.

33. Mr. AL-MAHDI (Iraq) said that his delegation had submitted a written amendment to subparagraph (*h*). If the Committee accepted the Jordanian text replacing the existing subparagraphs (*g*) and (*h*), his delegation would withdraw its amendment. Otherwise, it would maintain it.

34. Mr. HINES (United States of America) said that subparagraph (*g*) presented problems for his delegation. While it considered it acceptable that the international community should be asked to grant favourable terms to developing countries, when it came to changing the terms on which previous loans had been granted the question of debt rescheduling arose. It was well known that the United States Government considered that debt rescheduling should be considered case by case, but that it could not be viewed as a general instrument of assistance to developing countries. Consequently, the United States delegation could hardly accept subparagraphs (*g*) and (*h*).

35. Mr. KASEMSRI (Thailand) said that he strongly supported the principle expressed in subparagraph (*g*). His delegation would have been able to support the Jordanian proposal, but for the fact that the time factor was omitted. The existing text of subparagraph (*g*) referred to the consequences for the future development of developing countries arising from external debt, and there was no such reference in the Jordanian amendment. He hoped that his remark, which was made in a constructive spirit, would be taken into account.

36. Mrs. DERRE (France) recalled that France had always shown a spirit of understanding in all creditors' clubs to which it had belonged. International action hardly seemed practical where debt was concerned, and each individual case should receive an individual solution. For that reason, it would be preferable to put the emphasis more on pragmatic measures which could be taken, including a greater alignment of credit policies, and to stress the role which official assistance could play.

37. With regard to subparagraph (*h*), her delegation saw no problem in merging it with subparagraph (*g*), but it would like the word "eliminate" in subparagraph (*h*) to be replaced by "alleviate". Moreover, her delegation considered that the appropriate measures in question could be taken only in case of crisis, and not in ordinary times.

38. Mr. NIOUPIN (Ivory Coast) said that he had noted with interest the statements made by the representatives of the United States and France concerning the principle expressed in subparagraphs (*g*) and (*h*). However, he could not see what the representative of France had meant when she had said that appropriate measures could be taken only in case of crisis. It was well known that the external debt of the developing countries far exceeded their ability to pay off debts. That being so, did there have to be a crisis before alleviatory action could be called for? He considered that the developing countries were already in a crisis situation. In any case, it was always better to avoid a crisis than to try to remedy it after it occurred.

39. Mr. RUGGIERO (Italy) said that he fully supported subparagraph (*i*), since a reorientation of the lending policies of international financial institutions was an urgent necessity. The reorientation should, however, take account

of the special needs of some developing countries. He therefore proposed that the word "some" should be inserted before the words "developing countries".

40. Mr. AMINA (Niger) suggested the insertion after the words "developing countries" of the words "particularly the least developed countries, the land-locked countries, the island countries, and the developing countries most seriously affected by economic crises and natural disasters".

41. Mr. GARBA-JAHUMPA (Gambia) supported the amendment proposed by the representative of Niger.

42. Mr. NIOUPIN (Ivory Coast) supported the amendment proposed by the representative of Niger. He wondered, however, whether subparagraph (j) did not meet the concern expressed by that representative.

43. Mr. HOSNY (Egypt) said that, following consultations with the sponsors of the existing text of subparagraph (j), his delegation wished to propose an amendment that would bring the subparagraph into line with the principles embodied in the draft declaration and in the preamble to the draft Programme of Action concerning measures to encourage the development of developing countries, subparagraph (j), as amended, would read:

"Appropriate steps to be taken to give priority to the developing countries while devoting particular attention to the least developed, land-locked, island developing countries as well as those developing countries most seriously affected by the economic crisis and natural calamities in the allocation of Special Drawing Rights . . .".

44. Mr. MEHDI (Pakistan) confirmed that his delegation found the Egyptian amendment acceptable.

45. Mr. NIOUPIN (Ivory Coast) observed that originally subparagraph (j) had referred solely to the least developed, land-locked, island developing and most seriously affected countries, whereas the text proposed by the representative of Egypt covered all developing countries by specifying that particular attention should be devoted to the above-mentioned countries. He asked whether the distinction was intentional. If the Egyptian amendment was approved by the other delegations, his delegation intended to propose a subamendment that would add the words "by, *inter alia*, drought" after the words "natural calamities". Otherwise, those words should be added in the original text.

46. The CHAIRMAN said that the representative of Sweden, as agreed previously, would introduce a new subparagraph for insertion between subparagraphs (b) and (c) of paragraph 2.

47. Mr. HJERTONSSON (Sweden) observed that for many years Sweden had consistently advocated an arrangement that would enable the developing countries to exert greater influence on the decisions taken in the international finance institutions. While its efforts had so far been in vain, his delegation felt that, in view of international developments, the time was propitious for a new step in that direction. It therefore proposed that the following

subparagraph should be inserted between subparagraphs (b) and (c):

"The developing countries—be they contributors or recipients—must be given increased influence over the decision-making process in the international finance institutions, in particular in the competent organs of the World Bank and the International Development Association."

48. Mr. HÄMÄLÄINEN (Finland) supported the Swedish proposal, which was fully in keeping with what had been said by the Finnish Minister for Foreign Trade at the 2225th plenary meeting.

49. Miss GHOSE (India) thought that the Swedish text should be redrafted so as to reflect how the principle stated could be applied. The Indian Minister for External Affairs had made some specific proposals at the 2223rd plenary meeting and had suggested, among other things, a fair voting system.

50. Mr. MWASAKAFYUKA (United Republic of Tanzania) supported the Swedish amendment. However, he agreed with the representative of India that some specific suggestions should be made. Operation of the mechanism of the international finance institutions was biased in favour of the developed countries, one of which, in particular, exerted undue influence on the decisions taken by those institutions. The United Republic of Tanzania, for example, had encountered opposition from that country when it had sought a loan from the World Bank with the intention of exercising its sovereignty and carrying out nationalization measures.

51. Mr. BOATEN (Ghana) supported the Swedish amendment in principle. He reminded members that, at the twenty-seventh and twenty-eighth sessions of the General Assembly and also at the current special session, his delegation had repeatedly asserted that the majority of the international finance institutions had been set up at a time when the international community had had an entirely different complexion. The procedures of such institutions should therefore be altered so as to reflect developments since that time. The Swedish amendment was a step in that direction.

52. Mr. PAQUI (Dahomey) said that, after the disturbing statements he had heard on food and financing problems, he would gladly support the Swedish amendment. While it was right that the countries providing funds should have some control over the use made of those funds, it was no less right that the recipient countries should also be entitled to express their points of view; otherwise no real dialogue would be possible.

53. Mr. MEHDI (Pakistan) welcomed the Swedish proposal as a step in the right direction and one that would remedy a serious omission in the draft Programme of Action under discussion (Conference Room Paper No. 2). If it were accepted, it would not only provide a more rational and more democratic basis for the activities of the international finance institutions, but would also result in a better and more efficient use of the resources by the developing countries. For the moment his delegation would

be happy to accept the principle contained in the Swedish proposal, even though it sympathized with the viewpoint that the modalities by which the increased influence of the developing countries in the international finance institutions was to be brought about should be spelled out.

54. Miss GUERRA (Madagascar) supported the proposal of the Swedish representative and reminded members of the statement made by the Malagasy Minister for Foreign Affairs at the 2216th plenary meeting, in which he had stressed the necessity of democratizing the World Bank and the Fund (see A/AC.166/L.14/Rev.1).

55. Mr. HUSLID (Norway) supported the Swedish representative's proposal. Unlike the representative of India, he did not consider that it was necessary to specify the way in which the principle in question would be applied. It was for other specialized groups to consider such procedures and, in any event, the *Ad Hoc* Committee did not have enough time to do so.

56. Mr. RAOUF (Iraq), noting the support which the Swedish proposal appeared to have mustered from all the developing countries and some developed countries, proposed that the Committee should consider it incorporated in the draft Programme of Action.

57. Mr. CARANICAS (Greece) commended the Swedish representative on his extremely constructive proposal. He felt, however, that the principles it embodied should be elucidated so as to avoid the risk of different individual interpretations. He therefore supported the proposal of the representative of India that the procedures for applying the principles in the Swedish amendment should be specified.

58. Mr. TARZI (Afghanistan) whole-heartedly supported the Swedish proposal, which he regarded as very constructive, although, like the representatives of India and Greece, he was in favour of specific solutions. New practical and operational methods were necessary to ensure that the optimism and euphoria generated by the lofty statements made did not divert attention from the urgency of the problems facing some developing countries.

59. The CHAIRMAN suggested that, if all members of the Committee agreed to accept the Swedish proposal in principle, the Committee could proceed to consider the next subparagraph.

60. Mr. HINES (United States of America) said that he had understood the representative of Iraq to have proposed that the Swedish proposal should be included in the draft Programme of Action, rather than accepted in principle.

61. Mr. RAOUF (Iraq) regretted that he had not made his proposal clear enough. He had felt that it would be useful, in the interests of the work of the Committee, for the Swedish proposal to be included in the text. The draft Programme of Action was still being considered in first reading only and members of the Committee would be able to return to it later.

62. Mr. KANE (Mauritania) said that, although it was only a first reading, the Swedish proposal should be retained because so many delegations had already expressed

support for it. Although some developed countries might wish to perpetuate the old system based on domination and exploitation, others had realized that the future should be based on genuine co-operation between developed and developing countries. Sweden was one of those developed countries which had agreed to open up opportunities for the developing world, and he himself had been impressed by the dynamic nature of the measures proposed by the representative of Sweden to establish genuine international co-operation between developing and developed countries.

63. Mr. HJERTONSSON (Sweden) expressed his thanks to all delegations which had supported his proposal and assured them that his delegation would consider, with a very open mind, any suggestion concerning ways and means of enabling the developing countries to play a larger role in international finance institutions.

64. Miss YOUNG (United Kingdom) protested strongly against the suggestion made by the representative of Mauritania, on the ground that no subparagraph could be accepted definitively without discussion.

65. Mr. BAGBENI (Zaire) protested against the attitude taken by the representative of the United Kingdom. Admittedly the draft Programme of Action was being considered only in first reading. However, if a proposal such as that made by the representative of Sweden had in effect enlisted the support of most, if not all, representatives, the Committee was entitled to consider that a consensus had emerged in its favour. Accordingly, he fully subscribed to the views of the representative of Mauritania.

66. Moreover, the reference to General Assembly resolution 3084 (XXVIII) was simply intended to indicate that there was an established order and that that order was still valid. However, the international finance institutions did not by any means meet the needs of young States and were interested only in perpetuating an iniquitous system. Any new equitable and lasting monetary system must take account of the interests of the whole international community. The Swedish proposal was a step in that direction, and he felt that, in view of the wide support it had received, it could be considered as accepted in first reading.

67. Mr. NISHIZAKI (Japan) said that he had understood that no final decision would be taken in first reading on any part of the text.

68. Mr. STIEPEL (Federal Republic of Germany) said that he would like to study the Swedish proposal more closely before taking a position on it.

69. The CHAIRMAN recalled that the Committee was considering the various proposals before it and that it could return to them later. He then called upon the representative of New Zealand who wished to make a proposal on behalf of New Zealand and Sri Lanka, adding that he was not establishing a precedent in so doing.

CONSIDERATION OF OTHER PROPOSALS

70. Mr. CORNER (New Zealand) said that considerable progress had already been made since the beginning of the session, but that the proposed measures, even the specific

ones, related to the medium or long term. There were, however, many immediate problems that urgently needed to be resolved. That was the case, for example, of the production and cost of fertilizers and pesticides. Not only was production not adequate to meet current demand, but, what was even more serious, a number of developing countries were now unable to afford to purchase the quantities of fertilizers they needed if the next harvests were not to be reduced. That was why New Zealand had decided to endorse the proposal for a fertilizer and pesticide fund, made by the Prime Minister of Sri Lanka several weeks previously in the Economic Commission for Asia and the Far East (ECAFE), which had endorsed it. Fertilizer problems had short and long-term elements. The need for the immediate future was to prevent famine in certain countries, and that was the basis for the proposal submitted by Sri Lanka and New Zealand (A/AC.166/L.26).

71. The proposal was to the effect that the Director-General of the Food and Agriculture Organization of the United Nations (FAO) should establish a fund immediately, prepare a plan of operations and submit it for approval by a special session of the FAO Council. Meanwhile, the developing countries should submit requests to the Director-General in the hope that, as soon as the plan of operations was approved and before disaster struck for many human beings, disbursements could be made from the fund.

72. At the same time, countries producing fertilizers would be asked to increase production in order to export more to developing countries at prices they could afford. In particular an appeal would be made to the oil-producing countries to lower the price for oil to be used in the production of certain fertilizers and pesticides. In view of the urgency of the matter, the sponsors of the proposal requested the Secretary-General to bring it to the attention of all States Members of the United Nations so that they could respond immediately and positively to the appeal, and to report on the replies received to the Economic and Social Council at its fifty-sixth session, currently in progress, and at its next session.

73. He hoped that the question of the shortage and rise in price of fertilizers would be given the attention it merited.

74. Mr. AMERASINGHE (Sri Lanka) thanked the representative of New Zealand and recalled that the proposal had been endorsed at the recent ECAFE session at Colombo. It was a matter of ensuring that the rapid increase in prices and the shortage of fertilizers would not lead to a fall in agricultural productivity; in the case of Sri Lanka that meant in the production of rice, as rice was the staple food of the population. In that connexion, he recalled that his country, which had imported 50 per cent of its rice requirements in 1960, had imported only 30 per cent in 1972 as a result of an average annual increase in production of 6 per cent. But that progress had been cancelled out by

the rise in the cost of pesticides which affected all agricultural products on which Sri Lanka depended for its export earnings.

75. The only thing he might add to what the representative of New Zealand had said was that, in requesting a reduction in the price of oil, it should perhaps be made clear that it was a request for a reduction in the price of the oil to be used for producing fertilizers and pesticides.

76. He hoped that the Committee would react favourably to the proposal and realize that practical measures were urgently needed.

77. Mr. SALEM (Jordan), referring again to the draft Programme of Action (Conference Room Paper No. 2) drew the attention of the members of the Committee to the fact that his delegation had proposed a new subparagraph to be added to paragraph 2 (see para. 28 above) and he hoped that the Working Group would take note of it.

78. With regard to the proposal made by the representatives of New Zealand and Sri Lanka, he recalled that the Committee had already considered a similar question and he wondered if the proposal was an amendment or a new item.

79. Mr. MEHDI (Pakistan) agreed with the representatives of New Zealand and Sri Lanka that the question of the production and cost of fertilizers and pesticides was a crucial one. Certainly, implementing the proposal could save innumerable human lives.

80. In connexion with item (b) of the proposals made by New Zealand and Sri Lanka (A/AC.166/L.26), he pointed out that oil by itself was not an input in the production of fertilizers but one of its by-products and also most oil-producing countries were not necessarily the countries that refined the oil. He therefore proposed that, not the oil-producing countries, but the countries which produced the by-products used in the production of fertilizers should be asked to reduce their prices.

81. With regard to item (c), he felt that mention should also be made of the need to assist the developing countries themselves to increase production.

82. Mr. DOMINGUEZ (Venezuela), referring to document A/AC.166/L.28, which contained a summary of the proposals made by Venezuela at the 2213th plenary meeting, pointed out that, in the English text of the Venezuelan proposal, subparagraph (f) had been divided into two parts, whereas it had been divided into three parts in the French and Spanish texts. He wished to make it clear that the English text should be divided into three parts just as the French and Spanish had been.

The meeting rose at 6.15 p.m.

17th meeting

Wednesday, 24 April 1974, at 11 a.m.

Chairman: Mr. Fereydoun HOVEYDA (Iran).

A/AC.166/SR.17

In the absence of the Chairman, Mr. Kujaga (Poland), Vice-Chairman, took the Chair.

Tribute to the memory of His Excellency Mr. Franz Jonas, President of the Republic of Austria

On the proposal of the Chairman, the members of the Ad Hoc Committee observed a minute of silence in tribute to the memory of His Excellency Mr. Franz Jonas, President of the Republic of Austria.

1. Mr. TREU (Austria) thanked the Committee for its expression of sympathy.

AGENDA ITEM 7

Study of the problems of raw materials and development (continued) (A/9544 and Add.1 and Add.1/Corr.1 and Add.2, A/9545, A/9546, A/9548, A/AC.166/L.1/Rev.1 and Rev.1/Corr.1, A/AC.166/L.2-13, A/AC.166/L.14/Rev.1, A/AC.166/L.15-24, A/AC.166/L.25 and Corr.1, A/AC.166/L.26-38; Conference Room Papers Nos. 2, 5 and 5/Add.1 and 2 and 5/Add.1/Corr.1, 5/Add.2 and 5/Add.2/Corr.1)

CONSIDERATION OF THE DRAFT PROGRAMME OF ACTION ON THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER (continued)

2. The CHAIRMAN drew attention to a paper submitted by the United Nations Industrial Development Organization (UNIDO) on the distribution of world output of manufactured products.¹

3. Mr. MWASAKAFYUKA (United Republic of Tanzania) questioned the value of the UNIDIO document, inasmuch as it included data only for the years 1960 and 1969 and contained no information of more recent date.

4. Mr. OGISO (Japan), referring to section III of the draft Programme of Action (Conference Room Paper No. 2), which dealt with industrialization, said his delegation considered that the main responsibility for industrialization should rest with the developing countries and that the international community as a whole should be responsible for providing co-operation. Accordingly, without in any way opposing the principles contained in section III, it proposed that the text should be amended to read:

“The international community should co-operate to encourage the industrialization of the developing countries by:

“(i) Responding favourably, within the framework of their public assistance as well as international institutions,

to the requests of developing countries for the financing of industrial projects;

“(ii) Encouraging private investors to finance industrial production projects, particularly export-oriented production in developing countries, in agreement with the latter and within the context of their laws and regulations;

“(iii) Promoting the export of manufactures and semi-manufactures of the developing countries, thus resulting in a more rational international division of labour.”

5. Mr. LATTANZI (Italy) said that his delegation supported the principles set forth in section III. However, he proposed that the beginning of subparagraph (i) should be amended to read: “all countries, with due regard for their capacity to contribute, will strive to respond . . .”. In the original version, the introductory paragraph referred to measures to be taken by the international community, while paragraph (i) called only on the developed countries to take action. In addition, the words “existing or to be established” should be deleted.

6. Mr. HACHANI (Tunisia) said that, since the developed countries received most of the requests for assistance, the Group of 77 had felt that subparagraph (i) should call on the developed countries to take action. He trusted that consultations would result in a compromise.

7. Mr. SALEM (Jordan) wondered whether the term “international financial institutions” included regional financial institutions. If not, the words “or regional” should be inserted after “international”.

8. Mr. HOHLER (United Kingdom) proposed that the words “public assistance” should be replaced by the words “official aid”.

9. Mr. TREU (Austria) said that, although his delegation could endorse subparagraph (i), it would welcome any improvement which would better reflect the need for true co-operation and partnership among all countries. Accordingly, he supported the Italian amendment. He also supported the Jordanian amendment.

10. With regard to the United Kingdom amendment, he observed that the word “aid” had outdated connotations and suggested that another term should be used.

11. Mr. HOHLER (United Kingdom) said that the word “assistance” could be used instead of “aid”.

12. Mr. LACHE (Federal Republic of Germany) proposed that the words “existing or to be established” should be deleted.

¹ Document UNIDO/ID/107/RE.1.

13. Mr. HUSLID (Norway) said that his delegation could support the Italian amendment for the reasons stated by the representative of Austria.

14. Mr. TARZI (Afghanistan) proposed that the words "import-substituting and" should be inserted after the word "particularly" in subparagraph (ii).

15. Mr. HOHLER (United Kingdom) said that the responsibility for encouraging foreign investments should rest with the developing countries; the developed countries could not compel private investors to finance projects in developing countries. Accordingly, he proposed that subparagraph (ii) should read:

"It is for developing countries to pursue commercial and economic policies which actively encourage private investors to finance production projects which will assist their development priorities."

16. Mr. VIERA (Cuba) said that the scope of the paragraph should be limited to those developing countries which accepted private investments. Such investments in many cases had a negative impact on developing countries. Accordingly, it was essential that the phrase "in agreement with the latter and within the context of their laws and regulations" should be retained. The United Kingdom proposal was unacceptable to his delegation.

17. Mr. CHADHA (India) pointed out that the draft prepared by the Group of 77 merely called for the encouragement of private investors. The Governments of developed countries should play a role in providing such encouragement, a point which the United Kingdom proposal failed to mention.

18. Mr. KANE (Mauritania) said that developed countries had never had to compel private investors to finance projects in developing countries, nor need they do so now. Furthermore, it was unnecessary to urge the developing countries to offer favourable conditions for private investment. Some developed countries had encouraged private investors by guaranteeing their investments in developing countries. The United Kingdom amendment was unacceptable, for it destroyed the meaning of the paragraph.

19. Mr. TARZI (Afghanistan) said that, although he agreed in principle with the United Kingdom representative's point of view, experience had shown that, despite the favourable climate for private investments offered by developing countries, the quantity and quality of such investments had not measurably increased. The profit motive was the main attraction. Accordingly, the text should remain unchanged.

20. Mr. LALOUX (Belgium) said that Governments of developed countries which encouraged private investors had a responsibility to ascertain whether the developing countries concerned also wanted to encourage investments by them. Accordingly, he proposed that the words "which welcome such investments" should be inserted after the words "developing countries" in subparagraph (ii).

21. Mr. PEREZ THOMAS (Argentina) agreed with the representative of India that emphasis should be placed on

certain obligations of the developed countries. Encouraging investments was not the same as compelling them.

22. Mr. HOHLER (United Kingdom) said he trusted that agreement could be reached on a text which would incorporate the ideas contained in his amendment and in the original text.

23. Mr. LATTANZI (Italy) said that his delegation attached considerable importance to the establishment of a new international division of labour. However, in view of the sizable economic and political difficulties which must be overcome to bring it about, including the need for industrial restructuring, he proposed that the word "gradually" should be inserted after the word "should" in subparagraph (iii).

24. Mr. HACHANI (Tunisia) said that he would have to give further consideration to the Italian proposal. He hoped that the Committee could agree on language which reflected the urgent needs of the developing countries. A formula acceptable to developed and developing countries alike had been incorporated in paragraph 52 of the first biennial over-all review and appraisal of progress in the implementation of the International Development Strategy for the Second United Nations Development Decade (General Assembly resolution 3176 (XXVIII)).

25. Mr. ARUEDE (Nigeria) supported the remarks made by the representative of Tunisia and proposed an alternative text for subparagraph (iii) (see Conference Room Paper No. 5/Add.2).

26. Mr. CHAO Kung-ta (China) said that the imperialists and colonialists had long pursued a policy of division of labour with a view to enslaving and exploiting the countries of Asia, Africa and Latin America which had resulted in a lop-sided and abnormal development of their economies. In mining, for instance, only those resources which were of benefit to the imperialists had been developed, and in agriculture they had developed only a single crop. That policy had created a serious situation in which the economies, controlled by foreign Powers, were both backward and vulnerable and the countries were left in a chronic state of instability. A drop in the price of its single crop meant a loss to the exporting country which threatened the livelihood of its people and produced political instability.

27. In order to disguise and perpetuate their policy of exploitation of the countries of the three continents he had mentioned, the imperialists had given it a new label, "the international division of labour", but it was still the same policy. One super-Power, following in the footsteps of imperialism, called its co-operation with developing countries a "stabilized division of labour", in an attempt to maintain the lop-sided economies of those countries without change. In reality, it sought to continue its control, enslavement, plunder and exploitation of their peoples so as to be able to compete with another super-Power.

28. There must therefore be a change in the lop-sided economic structure and in the international division of labour imposed by the imperialists in Asia, Africa and Latin America. That could be achieved by taking into account the countries' own conditions and characteristics, and by their

following the road of independence and self-reliance and devoting unremitting efforts to the task, thus modernizing their agriculture and their industry.

29. But while such changes were being effected, the countries concerned must be on their guard against the use of imperialism, colonialism, neo-colonialism, big-Power hegemony and different types of division of labour to defend the old international economic relations which would enable the exploiters to continue their control and exploitation of the three continents. The countries of those continents must not allow the current situation to continue. They must realize that the idea that they were pessimistic and helpless was a myth spread by the imperialists for ulterior motives and was totally without foundation.

30. Referring to the comments made by the representative of Greece at the 15th meeting of the Committee regarding the Chinese delegation's remarks about the International Monetary Fund, he could only express his regret that the representative of Greece found them exaggerated. All that the representative of China had said was based on facts.

31. Mr. CHADHA (India) said that subparagraph (iii) of the Japanese amendment did not go far enough; it omitted any reference to the need for the developed countries to implement measures for promoting the export of manufactures and semi-manufactures of the developing countries. That was something which the developing countries had tried to obtain in other international forums, such as UNCTAD, and it was of the utmost importance. If the Programme of Action did not provide for measures of implementation, it would only be another expression of pious hopes. He was therefore unable to support subparagraph (iii) of the Japanese amendment.

32. Mr. PHANG (Malaysia) felt that subparagraph (iii) of the Japanese amendment was insufficient because the mere promotion of export of manufactures and semi-manufactures of the developing countries would not in itself result in a more rational and equitable international division of labour. Instead, it suggested that developed countries should undertake adjustment measures to restructure their economies to facilitate imports from developing countries. The developed countries' efforts should not be aimed at improving the competitiveness of their products vis-à-vis the products of the developing countries. The developed countries often mentioned new products they had added to the Generalized Scheme of Preferences, but on the whole those products were of little use to developing countries.

33. Mr. BALDE (Guinea) said that the characteristic of the current relations between developed and developing countries was that the developed countries were strong on two fronts. First, they were the consumers of commodities produced only by developing countries, and, secondly, they were the only exporters of manufactures to the developing countries. It was necessary to make a radical change in that situation through an international division of labour which would ensure a better balance in the economic relations between the two groups of countries. The international community must take not only measures, but urgent measures, to deal with the difficulties and effect the necessary changes. He therefore proposed that the original

text of subparagraph (iii) should be amended to read: "The developed countries should implement urgent and effective measures . . .".

34. Mr. OGISO (Japan) said that there seemed to be some misunderstanding about his proposal. His delegation was in favour of promoting the export of manufactures, which would lead to a more rational division of labour. It wished to avoid abrupt and radical changes in the structure of industry, which would cause financial and social problems for the countries concerned. In spirit, the Japanese amendment did not differ greatly from the original text. The Italian proposal for the insertion of the word "gradually" could be applied equally well to the Japanese text and he was willing to accept it.

35. Mr. LACHE (Federal Republic of Germany) welcomed the fact that there was a measure of agreement on subparagraph (iii). His delegation was in agreement with the fundamental objective and felt that the difficulties of some delegations might be met by a slight change of wording. He therefore proposed that the words "aim at further improving the international division of labour" should replace the words "implement effective measures for achieving a new international division of labour" in the original text.

36. Mr. KANE (Mauritania) said that the kingpin of co-operation between developed and developing countries was development of the developing countries. There could be no development without industrialization, and industrialization was useless unless there were markets for the products of industry. For that reason, what was needed was a solemn commitment on the part of the developed countries to encourage the export of manufactures of the developing countries. To state that that should be done "gradually", as proposed by the representative of Italy, was tantamount to postponing action indefinitely. It was true that industrialization could create political problems for developing countries, but that would be so only as long as their products did not have access to the markets of the developed countries. Thus, the change that was indeed needed was a change in the policy of those developed countries which closed their markets to the manufactures of developing countries.

37. He did not entirely agree with the representative of Guinea's analysis of the relations between developed and developing countries. The developed countries could buy their raw materials cheaply and sell their manufactures at high prices. Consequently, the position of the two groups was not equal, and changes must be introduced.

38. Mr. LATTANZI (Italy) said he regretted that his proposal for the insertion of the word "gradually" had drawn so much adverse comment. He had proposed that insertion not because he was opposed to a new international division of labour but because he recognized that so vast a change in world economic relations could not be effected overnight. His amendment was intended, not to weaken the text in any way, but to make it realistic.

39. Mr. ANDRES (Philippines) supported the Nigerian amendment to subparagraph (iii) (see Conference Room Paper No. 5/Add.2). It was an improvement on, and was

more realistic than, the original text in mentioning among the measures that should be taken by the developed countries, not only encouragement of the exports of the developing countries but also other measures. It went much farther than the original text in referring to the locating of heavy industries in developing countries. That was a highly practical measure, since the developed countries would not locate industries in those other countries unless it was profitable for them to do so, because they could count on a cheap supply of raw materials and labour. However, he would prefer the deletion of the word "heavy", since some developing countries would be better able to accommodate medium and light industries.

40. Mr. ABDENUR (Brazil) said that he was basically in favour of the original text of subparagraph (iii) but wished to make some general comments on the statements of other members and on the amendments that had been proposed. In connexion with subparagraph (iii), the question was what could be done to redress the balance of the economic order by changing the relationship between developed and developing countries. The texts adopted at the end of the session must reflect that fundamental idea, and they must set the responsibility for taking the necessary measures squarely on the shoulders of the developed countries. Nevertheless, there was much that the developing countries themselves could do. His own country, for instance, had made great efforts—with some success—to promote industrialization. Brazil had a free-market economy, but the Government promoted development by encouraging private investment. The Programme adopted by the General Assembly must stress that what was needed was fast and effective action by the developed countries to ensure that an international division of labour was established in favour of the developing countries. He agreed with the representative of India that there were many possible measures which the developing countries had advocated hitherto without success. The developed countries should facilitate access to their markets for products of the developing countries, they should make rapid adjustments to their industrial structures, they could do a great deal to encourage private capital investment in countries like Brazil, which wanted it, and so on. He agreed with the representative of Mauritania that what was needed was a positive commitment involving both the developed and the developing countries.

41. Mr. BAGBENI (Zaire) said that his country attached great importance to paragraph (iii), particularly as it was undertaking a vast industrialization programme. The developing countries had been called poor, but that was really a misnomer. They had vast resources in primary commodities, but the trouble was that the developed countries derived the profit from them. Nearly two centuries previously the United States, finding itself in much the same position vis-à-vis Great Britain as the developing countries currently were in relation to the developed countries, had decided to industrialize, with results that were clear to all. Although the "poor" developing countries had only recently achieved independence, they had quickly realized the importance of changing the relationship between the commodity-producing countries and the developed countries, and the latter must now take into account the ideas of interdependence, complementarity and co-operation in the field of industry.

42. As stated in section III of the draft Programme of Action, measures should be taken by the international community to encourage the industrialization of the developing countries. One way of achieving that would be through a new international division of labour, particularly if it went hand in hand with the transfer of industries and techniques appropriate to the raw materials of the developing countries. That would be genuine industrial co-operation. It could also be achieved by the methods set out in subparagraphs (i) and (ii), but any production projects that were financed from abroad should be such as to ensure optimum expansion and industrialization, and expansion would come through an increase in the exports of the under-industrialized countries. That was only one of the aims of the developing countries, but it was basic to all the others.

43. It had been argued that some countries would have difficulty in adapting their social and other legislation to the changes that were needed. That was unavoidable; one could not make an omelette without breaking eggs.

44. He agreed with the representative of Italy that the changes could not be made overnight, but they should be laid down and be achieved little by little. The Nigerian and Algerian amendments (see Conference Room Paper No. 5/Add.2) had the support of his delegation, and he proposed that they should be combined in a single text, which should be added to section III as subparagraph (iv).

45. With regard to the amendment proposed orally by the representative of the Federal Republic of Germany, he did not see how the developed countries could further improve the international division of labour when it did not yet exist.

46. Mr. CROS (France) said that industrial co-operation between countries with different levels of development was essential if the industrial infrastructures necessary for the promotion of an international division of labour were to be established. However, changes must be gradual. Any attempt to introduce abrupt changes might lead some developed countries to adopt protectionist measures unfavourable to developing countries. His delegation supported the amendments proposed by the representatives of Japan, the Federal Republic of Germany and Italy.

47. Mr. DIALLO (Guinea) observed that, although abrupt changes might have serious consequences in some economic sectors, the perpetuation of the existing situation would involve greater hazards for the international community. The tension which had arisen between the developed and the developing countries could be eased immediately by the establishment of a harmonious and balanced international economic system; postponement of such action would lead to violent disruption. His delegation understood the concern of some developed countries not to disrupt their own economic structures but both developed and developing countries must demonstrate the political will and courage to introduce changes. The fact that urgent action was needed should be stated in the text.

48. Mr. NIOUPIN (Ivory Coast) said that the proposals which had been made in the Committee were not new; for years the developing countries had been making similar

proposals in such bodies as UNCTAD and UNIDO. Under the old system of division of labour, which had resulted from colonialism, the developing countries had been merely sources of raw materials. Since the end of the colonial era the developing countries had tried to industrialize, but their efforts had been obstructed by the developed countries, which wanted to maintain the *status quo*. The international community must demonstrate the political will to change the old relationship and introduce a new one based on co-operation.

49. It was true that the developing countries could not industrialize overnight, but it must be remembered that their difficulties were not inherent in their situation but had been imposed by the developed countries. His delegation welcomed the goodwill expressed by some developed countries which had gained a new awareness of the situation and of the need for a new era.

50. Mr. KINYATA (Uganda) endorsed the views expressed by the representatives of Guinea and the Ivory Coast. His delegation supported the Nigerian amendment but could not accept those of the Federal Republic of Germany and Italy.

51. No one denied the importance of industrialization for the developing countries, but, as the representative of Brazil had said, measures to accelerate industrialization must be effective and immediate. The "great Powers" were powerful because they were highly industrialized; clearly, there could be no development of any kind without industrialization.

52. Mr. HEIDWEILLER (Netherlands) said that his delegation supported the principle of the international division of labour, which was a prerequisite for the new economic order. Implementation of the principle would be easy in some cases, while special measures would be needed in others. His delegation had no difficulty with the original text of subparagraph (iii); the term "effective measures" was sufficiently flexible to cover all cases.

53. Mr. SAM (Ghana) said that his delegation could not accept the amendments of Italy and the Federal Republic of Germany. Some delegations had argued that the adoption of immediate measures would create labour problems and political problems in developed countries. He pointed out that, in its original wording, the paragraph imposed no time-limit for the adoption of measures; if the word "gradually" was introduced, however, it might be used as a reason for prolonging the process unnecessarily.

54. It was not true that the free market policies of some developed countries would make it impossible for them to take action. One of the measures they could easily introduce would be the reduction or elimination of high tariff barriers which made the products of developing countries uncompetitive. At worst, the removal of such barriers would only force the industries of the developed countries to be more efficient. There must be an end to the situation in which his country, the world's largest producer of cocoa, had to import chocolate.

55. Mr. NCABUGUFI (Burundi) endorsed the views expressed by the representatives of developing countries. His

delegation thought that the use of the word "gradually" might serve to conceal the unwillingness of certain developed countries to achieve a new international division of labour. Accordingly, it rejected the Italian amendment.

56. His delegation supported the new paragraph proposed by Algeria, which clarified the existing three paragraphs.

57. Mr. HOLDEN (New Zealand) said there was no question but that the implementation of measures for achieving a new international division of labour must be gradual but there was little point in the Committee spending any more time in trying to define precisely how long the process should take. The Committee might consider limiting delegations to one statement per paragraph and impose a time-limit on all statements.

58. Mr. SOMJEN (Hungary) said that his delegation agreed with the delegations of developing countries that industrialization was essential for development. Indeed, it thought that the question of industrialization should have been given fuller treatment in the draft Programme of Action. The three paragraphs did, however, provide the basis for further discussion in such bodies as UNIDO.

59. Referring to the Nigerian amendment, he said the point was not that the developed countries should locate their industries in developing countries, but that the developing countries themselves should decide what industries they wanted and then seek assistance in establishing them. Industrial development should not be a means of setting up neo-colonial dependencies; the developing countries must control the industries established in their territories by developed countries.

60. Mr. SOURINHO (Laos) drew attention to his delegation's proposal for a new paragraph (see Conference Room Paper No. 5/Add.2).

61. Mr. TARZI (Afghanistan) proposed a reformulation of the Laotian amendment, to read as follows:

"In addition to prevailing rules and conventions concerning free transit to and from the sea, immediate special unrestricted preferential and concessional transportation and transit facilities for the import-export trade of land-locked developing countries should be guaranteed."

62. Mr. HASSAN (Sudan) also drew attention to his delegation's proposal for a new paragraph (*ibid.*). The paragraph addressed the issue of the equitable distribution of industrial capacity, which followed logically from the paragraph on the international division of labour. It also took account of the danger of environmental pollution. He thought that the amendments proposed by Nigeria and the Philippines might well be incorporated in the proposed new paragraph, and he would discuss the matter informally with the delegations of those countries.

63. Mr. BOUZERBIA (Algeria) suggested that it might be possible to incorporate some of the other ideas which had been put forward in the new paragraph proposed by his delegation (*ibid.*) He pointed out that all the amendments

were under consideration by the Group of 77, which intended to submit a single joint text.

64. Mr. COSAC (Romania) said that his delegation's amendment which appeared in Conference Room Paper No. 5 was intended to be a new paragraph and not, as was stated, a replacement for subparagraph (iii). His delegation

thought that the need for the training of national personnel should be the subject of a separate paragraph, since it was universally recognized in United Nations bodies as an essential factor for the development of developing countries.

The meeting rose at 1.05 p.m.

18th meeting

Wednesday, 24 April 1974, at 3.40 p.m.

Chairman: Mr. Fereydoun HOVEYDA (Iran).

A/AC.166/SR.18

AGENDA ITEM 7

Study of the problems of raw materials and development (continued) (A/9544 and Add.1 and Add.1/Corr.1 and Add.2, A/9545, A/9546, A/9548, A/AC.166/L.1/Rev.1 and Rev.1/Corr.1, A/AC.166/L.2-13, A/AC.166/L.14/Rev.1, A/AC.166/L.15-24, A/AC.166/L.25 and Corr.1, A/AC.166/L.26-38; Conference Room Papers Nos. 2, 5, 5/Add.1 and Corr.1, 5/Add.2 and Corr.1 and 5/Add.3-5)

CONSIDERATION OF THE DRAFT PROGRAMME OF ACTION ON THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER (continued)

1. Mr. CHADHA (India), referring to the Laotian delegation's amendment (see Conference Room Paper No. 5/Add.2), which could add a new subparagraph (iv) to section III, said that he did not see the connexion between the proposed text and the question of industrialization. Moreover, he would welcome clarification from the representative regarding the kind of guarantees to which the amendment referred.

2. The CHAIRMAN pointed out to the representative of India that the group of non-aligned countries and the Group of 77 had decided to study the amendments submitted by delegations belonging to either of the two groups in private session. He therefore asked the delegations concerned to abide by that decision.

3. Mr. HUSLID (Norway) wondered whether in that case there was really any point in discussing amendments which might be doomed to oblivion.

4. The CHAIRMAN said that the decision in question concerned only those countries which belonged to one or other of the two groups. Other groups were perfectly free to comment on the amendments submitted by the non-aligned countries of the Group of 77, and it was possible that their comments might influence the final decision of the amendments.

5. Mr. SALEM (Jordan) pointed out that his delegation had submitted an amendment to the effect that subparagraphs (a) and (b) in section IV, on the transfer of technology, should be combined.

6. Mr. LACHE (Federal Republic of Germany) announced that his delegation had proposed that the phrase "and less costly" in subparagraph (b) should be deleted.

7. He proposed that in section V, concerning the regulation and control over the activities of transnational corporations, the phrase "formulation, adoption and implementation of an international code" should be replaced by the words "Study of the feasibility of an international code . . .".

8. Mr. WILDER (Canada) said that it was his delegation's understanding that the Committee was currently engaged in a first reading of the draft Programme of Action. It was difficult for him to form an opinion on the text as a whole since it was scattered among several documents.

9. Mr. NISHIZAKI (Japan) supported the amendment submitted by the Federal Republic of Germany. In his view, subparagraph (d) was unrealistic and it would be useful to study that point in greater depth in a working group.

10. Mr. HEIDWEILLER (Netherlands) pointed out that his delegation had proposed the insertion of a new subparagraph emphasizing the need to seek alternative sources of energy and dealing also with the recycling of resources and the processing of waste materials. He hoped that that amendment would be taken into account when the final draft was prepared.

11. Mr. LALOUX (Belgium) said that, in accordance with the amendments submitted by his delegation which appeared in Conference Room Paper No. 5/Add.5, he wished to propose that in subparagraph (a) the words "their practices and activities of interfering" should be replaced by the words "any possible interference". He also proposed that the beginning of subparagraph (b) should be reworded to read: "Ensure that their activities conform".

12. Mr. HEIDWEILLER (Netherlands) supported the Belgian amendments.

13. Mr. HEININGER (German Democratic Republic), speaking on behalf of a number of socialist countries, fully supported the measures proposed in the Programme of

Action. He also drew the Committee's attention to the amendments to section V submitted by nine socialist countries which appeared in Conference Room Paper No. 5.

14. Mr. GARCIA BELAUNDE (Peru) said that, in his view, the Belgian proposal concerning subparagraph (a) was merely a question of form and could be discussed in a working group. On the other hand, in subparagraph (b), the word "regulate" had a much stronger meaning than "ensure" and had been deliberately chosen by the sponsors to indicate that it was indeed a question of adapting the activities of multinational corporations to national development plans. He therefore urged that the original text be retained since it added an essential clarification.

15. Mr. BAGBENI (Zaire) said that the text proposed by the sponsors in subparagraph (a) was very different from that proposed by the representative of Belgium since it was a fact that the activities of multinational corporations constituted interference in the internal affairs of the countries in which those corporations operated. However, the possibility of making the Belgian amendment a separate subparagraph might be considered.

16. Mr. LALOUX (Belgium) replied that his proposal regarding subparagraph (a) was designed to avoid prejudging the results of the study undertaken by the Group of Eminent Persons which had been appointed to study the impact of multinational corporations on development and on international relations, since there were different views about the activities of such corporations; what was important was to put an end to any interference when it existed. His proposal with regard to subparagraph (b) was designed to avoid prejudging the means whereby the content of the code of conduct would ensure that the activities of multinational corporations conformed to national development plans.

17. Mr. NIOUPIN (Ivory Coast) thanked the representative of Zaire for his valuable clarification of the meaning of subparagraph (a). Since the representative of Belgium had asserted, in support of his proposal, that it had not yet been proved that the activities and practices of multinational corporations constituted interference, he wished to point out to him that, the reason why the studies he had mentioned had been undertaken was precisely because such interference had been duly noted by the international community. He therefore proposed that the beginning of that subparagraph should read: "Put an end to some of their practices . . ." or "Put an end to those of their practices . . .".

18. Mr. HJERTONSSON (Sweden) supported the proposal of the representative of Belgium concerning subparagraph (a) and said he had listened with interest to the statement of the representative of Peru. On a more general level, he emphasized the importance of the international community becoming involved in regulating the activities of multinational corporations. That was an essential priority task, not only for the developing countries, but also for the developed countries. He hoped that those responsible for drafting the final text would take his remarks into account.

19. Mr. SOMJEN (Hungary) asked whether, since the proposal of the socialist countries submitted by the

representative of the German Democratic Republic had not given rise to comments, it could be concluded that it had been approved.

20. Mr. LALOUX (Belgium) said that, in his view, there was no question of reaching a definite conclusion on the amendment submitted by the German Democratic Republic, no more than on amendments submitted by other countries, since the Committee was currently engaged in a first reading of the draft Programme of Action.

21. Mr. HEMANS (United Kingdom), referring to section VI, on the Charter of Economic Rights and Duties of States proposed that at the end of the paragraph the words "at its next regular session" should be replaced by "as soon as possible". In support of his proposal, he referred to the fact that it was increasingly apparent that the agenda for the next regular session of the General Assembly would be a very heavy one and that it might not be possible to adopt the charter owing to lack of time.

22. Mr. GONZALEZ-GALVEZ (Mexico) said he wished to state straight away that he found the United Kingdom proposal unacceptable since it ran counter to the spirit and letter of the resolution adopted on the subject by the General Assembly at its twenty-eighth session (resolution 3082 (XXVIII)), in which it was stated that the final draft of the Charter of Economic Rights and Duties of States would be considered and approved by the General Assembly at its twenty-ninth session.

23. The CHAIRMAN said that that was a pointless dispute: it was impossible to foretell whether the Working Group would have been able to finish its work or whether the General Assembly would have the time to consider the text of the charter.

24. Mr. LALOUX (Belgium) suggested that the last sentence of the paragraph should end with the words "as early as possible and, if possible, at its next regular session".

25. Mr. GONZALEZ-GALVEZ (Mexico) pointed out that the mandate entrusted to the Working Group by the General Assembly at its twenty-eighth session was perfectly clear and precise and that there should be no question of altering it.

26. Mr. VIERA (Cuba) agreed with the representative of Mexico that the United Kingdom proposal was unacceptable. At a time when a new international economic order was being prepared, it seemed to him essential to reaffirm the need to abide strictly by the text of the General Assembly resolution if a document which was to serve as a basis for the establishment of that new economic order was not to be weakened.

27. The CHAIRMAN observed that the Committee could perfectly well express its wishes regarding the adoption of the charter without in any way affecting the progress of the Working Group's work. The discussion on that issue was therefore quite pointless.

28. Mr. CZARKOWSKI (Poland) subscribed to the view expressed by the representatives of Mexico and Cuba and agreed with the Chairman that it was only a question of expressing a wish.

29. Mr. KASEMSRI (Thailand) suggested that, since the United Kingdom representative had indicated that his position was not inflexible, the Committee should proceed to the next point.
30. Mr. KANE (Mauritania) pointed out that part VII, dealing with the promotion of co-operation among developing countries, was primarily of concern to the developing countries and said he believed that it would be wiser, in order to expedite the proceedings, to leave those countries to settle their affairs among themselves. The developed countries could, of course, make comments on the subject, but there was no need for them to do so.
31. Mr. SOMJEN (Hungary) drew attention to the amendment submitted by the group of socialist countries, which appeared in Conference Room Paper No. 5. The amendment was in keeping with the spirit of the Declaration and was worded exactly the same as paragraph 39 of the review and appraisal of the objectives and policies of the International Development Strategy for the Second United Nations Development Decade (General Assembly resolution 3176 (XXVIII)).
32. Mr. HEMANS (United Kingdom), explaining the amendments submitted by his delegation, which appeared in Conference Room Paper No. 5/Add.5, said that in the first place he did not think it necessary to include in a document relating to the establishment of a new international order a part dealing with relations among countries of one and the same group. The purpose was to encourage co-operation among all countries. Where subparagraph (a) was concerned, he considered that the wording should be along the same lines as that of the corresponding paragraph of the Declaration and that it was inappropriate in a document like the Programme of Action to encourage the setting up of cartels among any countries. With regard to subparagraph (b), he observed that, if the right in question was "inalienable", the idea that it needed protection seemed to him ambiguous, to say the least. He proposed that in subparagraph (f) the words "among themselves" should be inserted after the word "co-operation". Lastly, he suggested the replacement of the word "shall" in the last paragraph by "should".
33. Mr. LACHE (Federal Republic of Germany) proposed that, for reasons already stated by the United Kingdom representative, the first two sentences of subparagraph (a) should be deleted. In subparagraph (e), the words "and in conformity with international agreements" should be inserted after the words "Wherever possible". In the last paragraph, he would favour the deletion of everything after the words "technical assistance".
34. Mr. LATTANZI (Italy) proposed the deletion from the last paragraph of everything after the words "regional, subregional and interregional co-operation".
35. Mr. PHANG (Malaysia) felt that subparagraph (e) was not in keeping with the spirit of co-operation underlying section VII as a whole and said he hoped that a new version also reflecting that concern for co-operation among developing countries would be introduced.
36. Mr. HACHANI (Tunisia) said that, since the Hungarian amendment (see Conference Room Paper No. 5) was based on paragraph 39 of the text in General Assembly resolution 3176 (XXVIII), the wording should be changed slightly, at least in the French text, to bring it into line with the wording of the resolution.
37. Mr. STATHATOS (Greece) said that subparagraph (e), as drafted, might create difficulties for countries which were parties to customs agreements or formed part of free trade areas and thus were bound to accord preferential treatment to certain developed countries. The words "Without prejudice to existing agreements" might therefore be inserted at the beginning of the paragraph.
38. Mr. LERENA (Spain) said that he shared the concern expressed by the representative of Greece and therefore supported the amendment he had submitted.
39. Mr. NISHIZAKI (Japan) said that his delegation had the same difficulties in accepting subparagraph (a) as the delegations of the United Kingdom and the Federal Republic of Germany. He agreed with the United Kingdom representative that the word "shall" in the last paragraph of section VII should be replaced by "should".
40. Mr. BAGBENI (Zaire) emphasized that subparagraph (a), and in particular the reference to the establishment of appropriate machinery to defend the prices of the exportable commodities of developing countries, was one of the most important passages in section VII; it related to matters of concern which had been raised during the debate and which were included in the draft Declaration.
41. He supported the first amendment by the socialist countries to section V (*ibid.*), which would insert a new paragraph relating to the collaboration between transnational corporations and racist régimes. His delegation also supported the amendment by the same countries concerning strengthening of the positions of developing countries in the negotiations with transnational corporations and revision of former unequal treaties, since a developing country was not bound by any agreement that had been concluded in its name when it was still a colony.
42. Mr. DIALLO (Guinea) supported the amendments submitted by the socialist countries. Secondly, unlike some previous speakers, he considered it perfectly logical to have in the Programme of Action a part dealing with co-operation among developing countries. The question of co-operation among the different groups of countries was covered elsewhere in the text.
43. It sometimes happened that goods exported by certain developing countries to other developing countries were taxed more heavily than goods from developed countries. If better co-operation among developing countries was to be achieved, it was essential to abolish such practices, and preferential treatment should be the rule among all developing countries. That was the purpose of subparagraph (e).
44. Mr. KANE (Mauritania) and Mr. KINYATA (Uganda) said that they fully agreed with the Guinean delegation's comments on subparagraph (e).
45. Mr. KASEMSRI (Thailand) said he would like an assurance that the new paragraph proposed by the socialist

countries (*ibid.*) did not mean that developing countries should urge other developing countries to adopt reforms, since that would amount to interference in the domestic affairs of other States. If that was not the case, his delegation would support the amendment in question.

46. Mr. SOMJEN (Hungary) confirmed that the intended purpose of the amendment was not intervention in the domestic affairs of States but promotion of co-operation in the true sense of the word.

47. Mr. AKSOY (Turkey) said that his country was favourable to the question of trade among developing countries; it was in that spirit that Turkey had become a party to the Trade Protocol among the developing countries concluded within the forum of the General Agreement on Tariffs and Trade (GATT). However, it also had a customs agreement with the European Economic Community. His delegation therefore supported the amendment proposed by the Greek delegation, especially as a similar idea was expressed in section I, paragraph 3 (*h*).

48. Mr. LACHE (Federal Republic of Germany) said that he could not reply to the comments that had been made concerning his amendment to subparagraph (*e*) until he had consulted the other members of the European Economic Community, since it involved a question of common trade policy.

49. Mr. HEMANS (United Kingdom), explaining the amendments proposed by his delegation to section VIII, concerning the strengthening of the role of the United Nations system in the field of international economic co-operation, said it was suggested that the wording of paragraph 1 should be changed in order to bring it into line with the wording of the Declaration. In paragraph 3, it was not correct to specify that the Economic and Social Council should “define” the policy framework of all organizations, institutions and subsidiary bodies within the United Nations system, since some of those entities had their own governing bodies. In subparagraph (*a*), it seemed a little arbitrary to lay down that reports were to be submitted “not later than every six months”. His delegation suggested the deletion from subparagraph (*b*) of the words “may function continuously”, since that would be contrary to the rules of procedure of the Economic and Social Council.

50. In paragraph 5, the words “The developed countries” should be replaced by “All countries in a position to do so”. In the final paragraph, it was going too far to speak of adaptations in the Strategy so as to “bring it into conformity” with the Declaration.

51. Mr. LATIANZI (Italy) suggested that the words “and in any case not later than every six months” in paragraph 3 (*a*) should be deleted. He proposed that the words “by 31 July 1974” at the end of paragraph 4 should be replaced by the words “with all possible urgency”. Lastly, as the United Kingdom representative had pointed out, it would be contrary to the rules of procedure of the Economic and Social Council to have it “function continuously”.

52. Mr. LACHE (Federal Republic of Germany) pointed out that it should be specified in paragraph 3 (*a*) that the organizations, institutions and subsidiary bodies in question were those within the United Nations system. The words “and in any case not later than every six months” in the same subparagraph should be deleted. His delegation proposed that paragraph 3 (*b*), which seemed superfluous, should be deleted entirely.

53. In paragraph 6 the words “to offset the shortfalls in achieving those goals and objectives” should be deleted, and in the final paragraph the second sentence should be replaced by the following: “The International Development Strategy should be brought into conformity with the Declaration on the Establishment of a New International Economic Order and this Programme of Action.”

54. Mr. SOMJEN (Hungary) said that the amendments to paragraph 3 (*a*) submitted by the socialist countries (see Conference Room Paper No. 5), which would replace the words “as possible and . . . every six months” by the words “as necessary, but not less than once a year”, took account of the fact that most organizations and bodies met once a year.

55. Mr. BOUZERBIA (Algeria) said that the two parts proposed by his delegation (see Conference Room Paper No. 5/Add.2) were already the subject of intensive consultations in the Group of 77, and he did not, therefore, think that it would serve any purpose to discuss them in plenary meeting.

56. Mr. NESTERENKO (Union of Soviet Socialist Republics) observed that the consultations should be carried out not only in the Group of 77 but also between the various groups of countries, so that the interests of all Member States would be taken into account.

57. Mr. BOUZERBIA (Algeria) said that that was in fact the procedure that it was intended to follow.

58. Mr. PAQUI (Dahomey) said he regretted to note that some countries were trying, by means of amendments, to nullify the efforts of the developing countries, so as to maintain the existing economic order. He appealed for co-operation, and stressed the gravity of the situation and the dangers of an unprecedented world economic crisis.

59. Mr. VARGAS (Costa Rica) pointed out that the name of his delegation had been omitted from the list of sponsors of the amendment which appeared on page 5 of Conference Room Paper No. 5/Add.1.

60. The CHAIRMAN announced that the Committee had completed its first reading of the draft Programme of Action contained in Conference Room Paper No. 2 and said that the work would now continue in the form of private consultations. The Committee would meet to endorse the results of the negotiations.

19th meeting

Monday, 29 April 1974, at 3.45 p.m.

Chairman: Mr. Fereydoun HOVEYDA (Iran).

A/AC.166/SR.19

In the absence of the Chairman, Mr. Arvesen (Norway), Vice-Chairman, took the Chair.

AGENDA ITEM 7

Study of the problems of raw materials and development (continued) (A/9544 and Add.1 and Add.1/Corr.1 and Add.2, A/9545, A/9546, A/9548, A/AC.166/L.1/Rev.1 and Rev.1/Corr.1, A/AC.166/L.2-13, A/AC.166/L.14/Rev.1, A/AC.166/L.15-24, A/AC.166/L.25 and Corr.1, A/AC.166/L.26-34, A/AC.166/L.35/Rev.1, A/AC.166/L.36-45)

CONSIDERATION OF DRAFT RESOLUTIONS

1. Mr. DE GUIRINGAUD (France), introducing draft resolution A/AC.166/L.35/Rev.1, said that France had taken the initiative in proposing the establishment, within the United Nations, of an economic observatory for two reasons. The first—which was of a general nature—was that France had unceasingly maintained that there was a need for a fairer and more rational reorganization of raw materials markets and had constantly denounced the disastrous effects of currency instability, particularly on the economies of the poor countries. The second—which was of an economic and technical nature—was that the means available to the international community must be consistent with its ambition to establish a new, less precarious and more equitable economic order. Yet, currently, the United Nations administrative machinery did not have certain facts which were indispensable in order to properly carry out the tasks entrusted to it. In international transactions involving many of the most important raw materials, there were shadowy areas which must be clarified in order to ensure that markets would be made transparent, to quote the expression used by the French Minister for Foreign Affairs at the 2209th plenary meeting.

2. After briefly summarizing the functions that would be entrusted to the United Nations economic observatory, as set out in draft resolution A/AC.166/L.35/Rev.1, operative paragraph 2, he noted that the reactions to the draft resolution had for the most part been positive.

3. With regard to the duties of the observatory, it had been asked whether it would not be advisable to extend their scope to include manufactures so that the observatory could, by comparing price variations of raw materials with those of manufactures, analyse the trend of the terms of trade and thus meet one of the chief concerns expressed by the developing countries during the special session. He would point out, first, that the trend of the terms of trade was currently the subject of an in-depth study by the secretariat of the United Nations Conference on Trade and Development (UNCTAD) and secondly, that it would not, in his view, be wise to give an observatory too many tasks

of an interpretative or normative nature. His delegation had nevertheless sought to move in the direction that had been indicated to it, as could be seen from the revised version of the draft resolution. For instance, paragraph 2 (d) now referred to “undertaking all necessary statistical studies on production and consumption prices”. His delegation was also willing to try to find a formula that would make it possible to entrust the observatory with studying the prices of a number of widely used, clearly specified manufactures of special importance to developing countries, on the understanding that that task would have to be harmonized with similar activities already being carried out by other organs of the United Nations system.

4. France had accepted an amendment whereby the observatory would provide any services that might be requested of it by intergovernmental bodies or organizations in the United Nations family. It had also incorporated in the revised text of the draft resolution another very important amendment requesting the Governments of Member States to co-operate fully with the economic observatory so as to help it in overcoming the obstacles which currently hampered the collection of the necessary data. Tropical products, the prices of which had varied so unpredictably and often catastrophically, would be included within the competence of the observatory.

5. With regard to the observatory's administrative activity, it had been asked whether provision should not be made for an advisory or support committee; he was quite ready to agree to a suggestion of that kind, which would facilitate the necessary co-operation between the observatory's directors and Governments.

6. In conclusion, he said that his delegation had had many consultations in order to improve the basic text of its proposal and would willingly have one last discussion with interested delegations in order to arrive at a final text on which the *Ad Hoc* Committee could take a decision by consensus.

7. Mr. OGISO (Japan) introduced draft resolution A/AC.166/L.41 on behalf of the sponsors, which now included Malaysia. The General Assembly, in its resolution 3167 (XXVIII), had decided to establish a United Nations Revolving Fund for Natural Resources Exploration in developing countries. As had been noted in recent years, the exploitation of natural resources was a decisive factor in the economic development of developing countries. The Secretary-General of the United Nations and the Administrator of the United Nations Development Programme (UNDP), in collaboration with the World Bank, were in the process of devising operational procedures and administrative arrangements for the Revolving Fund to be submitted for approval to the Governing Council of UNDP at its eighteenth session.

8. In operative paragraph 1 of draft resolution A/AC.166/L.41, the General Assembly would invite all Members of the United Nations to contribute voluntarily to the Fund so as to facilitate the early start of its operations. An early start, which had also been urged at the intergovernmental meeting of the Economic Commission for Asia and the Far East (ECAFE) in February 1974, was essential, particularly for the countries which had been most affected by the recent economic crisis. It was quite obvious that the Fund could not start to operate if its resources were insufficient; Japan had announced a contribution of \$1.5 million, which would be followed by further contributions for subsequent years once the Fund became operational.

9. Operative paragraph 2 appealed for co-operation on the part of the agencies and organs of the United Nations system, particularly the World Bank.

10. Draft resolution A/AC.166/L.41, which included some points that already appeared in resolution 3167 (XXVIII), dealt essentially with procedural matters and touched on no controversial subjects; it should therefore be adopted without objection.

11. Mr. CORNER (New Zealand), introducing draft resolution A/AC.166/L.42, said that, as a number of delegations had pointed out in plenary meetings, the shortage of fertilizers might have disastrous effects on the world food situation. The World Food Conference would, of course, tackle the question, but the delegations of Sri Lanka and New Zealand had felt that action was needed urgently, and at all events before the planting season. It was also because of the urgency of the situation and the fact that it was a temporary crisis—or so, at least it was to be hoped—that the sponsors had submitted a separate draft resolution instead of injecting the ideas contained in their draft resolution into the Programme of Action or the Declaration, whose objectives were more long-term. The text submitted to the *Ad Hoc* Committee for its approval incorporated suggestions offered and changes proposed by a number of delegations; it was a compromise text which sought to take account of the interests of all and he therefore hoped that, in view of the urgency of the situation, it could be adopted without objection.

12. The first six preambular paragraphs were taken from the text of a decision recently adopted by ECAFE. The last preambular paragraph more or less summarized the problems that existed with regard to fertilizers and was modelled on a paragraph which had been added to the Programme of Action at the suggestion of the Jordanian delegation.

13. The measures provided for in operative paragraph 1 were slightly different from those in the original text. New Zealand, which did not produce any fertilizers for export, had wanted to make a cash contribution to a fund that would have been established in order to increase fertilizer production. However, the sponsors had yielded to the arguments of those who had felt that it would be better to establish a fertilizer pool to which contributions would be made preferably in kind. However, the establishment of such a pool was only one of the things suggested for the emergency plan of operations to be drawn up by FAO. Another was the offer of financial and technical assistance

to countries that could not fully utilize their fertilizer production capacity. Subparagraphs (b) and (c) provided for emergency measures. Subparagraph (d) requested FAO to distribute an analysis of the world supply and demand situation for fertilizers and pesticides; it was very probable that FAO already had nearly all the necessary data and that it could therefore comply with that request very rapidly. Operative paragraph 2 called upon those developed countries manufacturing fertilizers and pesticides substantially to expand exports to developing countries at reasonable prices; in order to do so, the developed countries could modify their export policies or, in certain cases, grant preferential prices.

14. The purpose of paragraph 3 was to remove the obstacles that prevented developing countries from fully utilizing their fertilizer production capacity; those obstacles were principally a lack of capital and technology, and that was why those countries would be offered technical and financial assistance. Paragraph 4 followed the same lines as paragraph 3, but provided for medium-term and long-term rather than short-term objectives; in other words, the intention was that the developing countries should process their own raw materials, such as natural gas, into semi-finished or finished fertilizer products.

15. Paragraph 5 was designed to place the question of fertilizers within the wider framework of the measures to be taken by the World Food Conference. Finally, paragraph 6 was intended to ensure that whatever measures were taken after the adoption of the draft resolution would not lose their momentum in the coming months.

16. He stressed the point that the draft resolution related mainly to emergency measures and in no way prejudged the results of the World Food Conference. Furthermore, the fact that the sponsors had not specified how long the pool should remain in existence did not mean that they wished to make it permanent—on the contrary; yet they had felt that it would hardly be realistic to set precise limits. Finally, he announced that his Government intended to make a cash contribution of \$5 million for the initial period of operation of the pool, should it be decided to establish it in accordance with the draft resolution.

17. Mr. FERGUSON (United States of America), introducing draft resolution A/AC.166/L.44, said that it was self-explanatory. Not enough was yet known about natural resources, and the draft resolution was intended to fill in the lacunae. His delegation accordingly proposed the formation of a group of eminent persons who would be invited to develop concrete recommendations within a specific time-frame. The draft resolution met the concern of a number of delegations which, in plenary meetings, had stressed the need to supplement existing knowledge in the field of natural resources, and the Secretary of State of the United States had made a similar suggestion at the 2214th plenary meeting.

18. Paragraph 1 concerned the formation of the group, which would consist of 20 eminent persons from both the private and the public sectors. Subparagraphs (a), (b), and (c) defined the group's terms of reference. The following paragraphs were self-explanatory.

19. His delegation had noted certain points that were common to draft resolution A/AC.166/L.44 and to some of the draft resolutions that had been introduced during the meeting, and was ready to undertake consultations with the delegations concerned.

20. He added that the draft resolution which he had just introduced was designed to call as far as possible on existing bodies and did not provide for the establishment of any new body—except, of course, for the group itself.

21. Mr. DE GUIRINGAUD (France), introducing draft resolution A/AC.166/L.45, said that, almost three weeks earlier, at the 2209th plenary meeting, after outlining the deep-rooted causes of the difficulties confronting the international community, the French Minister for Foreign Affairs had made several proposals for undertaking action that would be as effective as possible. The problems of raw materials had been debated extensively at the current session, but it was justifiable to ask whether the very volume of the views exchanged had not obscured the practical nature of certain questions. In any case, it would be regrettable to leave to chance the settlement of two series of questions.

22. The first concerned the effort that should be made by the international community to organize trade in raw materials in a proper way. Of course, producers were entirely free to defend their rights collectively, but, since every producer was also a consumer and every consumer was a producer of something, the trade relations between them should not be "wildcat" relations. It must be possible to establish at the United Nations level the general guidelines for the necessary concerted effort. Otherwise, the new international economic order proclaimed at the special session might turn to chaos.

23. That was one reason why draft resolution A/AC.166/L.45 provided for the establishment of a committee of limited size which would be entrusted, among other things, with identifying "all possibilities of concerted action", taking into account all the ideas expressed during the debates at the current session. The text of the draft resolution referred in that connexion to possible commodity agreements or arrangements and the study of appropriate procedures. Did Member States really wish to progress beyond the law of the jungle, to which they would all fall victim if hostile blocs were to develop? That question surely deserved to be considered more fully than had been possible during the special session, since it determined to a large extent the content of the main principles examined by the *Ad Hoc* Committee.

24. The second question whose solution should not be left to chance concerned the energy situation. Under the terms of paragraph 4, a preparatory dialogue would be initiated between producers and consumers. A number of eminent speakers, from both the disadvantaged and the industrialized countries, had given considerable weight to the concept of dialogue, and his delegation had reason to believe that its proposal would find a response.

25. While energy problems were part of the wider framework of the new relationship to be defined in the field of raw materials and development, they were of fundamental

importance in themselves, since energy was a prerequisite of production and development. It was therefore necessary to create opportunities for practical work on a sound basis—in other words, one that was defined by the international community as a whole, in an atmosphere of negotiation rather than confrontation; for his delegation did not believe that the misfortune of some should bring fortune to others. Furthermore, a spirit of confrontation would give rise to deliberate policies of self-sufficiency, the main victims of which would once again be the most disadvantaged countries. By contrast, dialogue would make it possible to take account of the interests of all. Paragraphs 4 and 5 were based on that idea.

26. He wished to give some further details regarding the proposed committee itself. Draft resolution A/AC.166/L.45 was based on three restrictive ideas: the committee would be temporary, preparatory and of limited size. It would be temporary because there was no question of perpetuating the existence of yet another body. On the contrary, the work designed to maintain the very considerable momentum imparted by the special session should be such that the greatest possible progress would be made towards other events scheduled for the near future, such as the special session of the General Assembly in 1975 (see resolution 3172 (XXVIII)). The word "preparatory" in paragraph 4 made explicit the idea of temporariness, but it was also indicated in paragraph 6 that the possibility of a special conference on some subject that had been adequately studied by the committee should not be excluded—nor, for that matter, should the possibility of entrusting a United Nations agency with the task of considering the same subject. In fact, the two ideas of temporariness and preparation were complementary ways of stressing the need for intensive work—which was particularly necessary in the current world economic situation. That was why the idea of a committee of limited size had appeared to be appropriate, and his delegation had accordingly felt it useful to add the principle of balanced economic distribution to that of geographical balance. If it so wished, any country that was not a member of the committee could of course express its views in the committee.

27. It would be desirable, in the context of the dialogues between producers and consumers recommended by his delegation, for the spirit of conciliation to prevail and for each party fully to show a proper appreciation of the meaning of the term "dialogue". It followed logically that draft resolution A/AC.166/L.45 would be meaningful only if it could be adopted without objection. He wished to emphasize that point strongly, and to add that the text was entirely open to constructive criticism and amendment. However, his delegation would let events take their course and allow time to do its work if some delegations were opposed to the adoption of a draft resolution of the kind he had introduced.

28. Mr. BAROODY (Saudi Arabia) said that he had listened very attentively to all the speakers who had submitted draft resolutions. Each of them had put forward very valid ideas, but only one of the texts was at all practical. With regard to one of the draft resolutions which had just been submitted, he wondered who the eminent persons or wise men would be. There had always been wise men and they had never been able to solve the problems of

the international community. Another draft resolution proposed to set up an observatory. He wondered whether the international community really wanted to entrust its interests to astronomers armed with telescopes. Measures such as those were liable to perpetuate the flow of rhetoric which had continued at the United Nations for more than 28 years. Instead, it was necessary to tackle the real difficulties. The world was on the eve of a crisis; and the Member States were simply forming committees and observer bodies, and bringing together wise men who had no other power than to make suggestions. He had realized what was to be done while the other delegations were submitting their draft resolutions, and he therefore in turn put forward a draft resolution which he had just prepared and which he read out.¹

29. Three groups of ministers were to be formed, whose task would be to reach agreement on specific measures in the spheres of energy, mineral resources other than energy, and agricultural problems, respectively. The groups would report to the General Assembly at its twenty-ninth session.

30. If the Member States did not act in that manner, the twenty-ninth session of the General Assembly would do no more than yet again provide the Member States with the opportunity to indulge in the rhetoric at which they excelled. It was imperative that, through their decisions, the three groups should pave the way for the next special session dealing with raw materials and for the World Food Conference.

31. He was prepared to listen to all suggestions on condition that they were made immediately.

32. The CHAIRMAN suggested that the Committee should consider one by one the six draft resolutions which had just been submitted.

33. Mr. DRISS (Tunisia) said that the three first draft resolutions could be considered separately because of their

specific nature, but the three other draft resolutions should be considered simultaneously because they were concerned with the same subject.

34. Mr. ADJIBADE (Dahomey), speaking on a point of order, pointed out that the discussion had been concerned all along with a number of documents which had not yet been finalized. As there were points in the six latest draft resolutions which had already given rise to fairly long discussions when the basic documents were being considered, he felt that it would be wiser to decide on those documents first. Therefore, pursuant to rule 116 of the rules of procedure of the General Assembly, he moved that the debate should be adjourned until the basic documents had been finalized.

35. Mr. DRISS (Tunisia) opposed the adjournment of the debate. However, he thought that the Committee, pending its final stand on the basic documents, should consider the first three draft resolutions without taking a decision on them.

36. Mr. DE GUIRINGAUD (France) joined the representative of Tunisia in requesting that the discussion should continue on the texts which had just been submitted.

37. Mr. RAOUF (Iraq) supported the motion of the representative of Dahomey, whilst sharing the point of view expressed by the representative of Tunisia.

38. Mr. CAICEDO (Colombia) supported the motion of the representative of Dahomey for the adjournment of debate on the draft resolutions which had just been submitted because, in his opinion, they were concerned with secondary questions derived from the three basic documents.

The motion for adjournment was adopted by 56 votes to 16, with 38 abstentions.

¹ Subsequently circulated as document A/AC.166/L.46.

The meeting rose at 5.40 p.m.

20th meeting

Tuesday, 30 April 1974, at 3.30 p.m.

Chairman: Mr. Fereydoun HOVEYDA (Iran).

A/AC.166/SR.20

AGENDA ITEM 7

Study of the problems of raw materials and development (continued) (A/9544 and Add.1 and Add.1/Corr.1 and Add.2, A/9545, A/9546, A/9548, A/AC.166/L.1/Rev.1 and Rev.1/Corr.1, A/AC.166/L.2-13, A/AC.166/L.14/Rev.1, A/AC.166/L.15-24, A/AC.166/L.25 and Corr.1, A/AC.166/L.26-34, A/AC.166/L.35/Rev.1, A/AC.166/L.36-49; Conference Room Papers Nos. 1/Rev.2 and 3, 2/Rev.2 and Rev.2/Add.1)

CONSIDERATION OF THE DRAFT DECLARATION ON THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER (continued)

CONSIDERATION OF THE DRAFT PROGRAMME OF ACTION ON THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER (continued)

CONSIDERATION OF DRAFT RESOLUTIONS (continued)

1. The CHAIRMAN announced that the results of the negotiations concerning the working papers were not yet

known and asked the members of the Committee if they wished to abide by the decision taken at the previous meeting to postpone the debate pending the finalization of those documents.

2. Mr. PAQUI (Dahomey) recalled that he had considered it necessary to raise a point of order at the previous meeting because it had appeared to him that most of the points in the draft resolutions which had been submitted were already covered by the working papers. His delegation maintained its position.

3. The CHAIRMAN announced that the documents in question were currently being translated and reproduced by the Secretariat and would be available at the following morning's meeting. He also informed the members of the Committee that the President of the General Assembly had decided to propose that the General Assembly should hold its last plenary meeting the following afternoon.

The meeting rose at 3.40 p.m.

21st meeting

Wednesday, 1 May 1974, at 12.10 p.m.

Chairman: Mr. Fereydoun HOVEYDA (Iran).

A/AC.166/Sr.21

AGENDA ITEM 7

Study of the problems of raw materials and development (continued) (A/9544 and Add.1 and Add.1/Corr.1 and Add.2, A/9545, A/9546, A/9548, A/AC.166/L.1/Rev.1 and Rev.1/Corr.1, A/AC.166/L.2-13, A/AC.166/L.14/Rev.1, A/AC.166/L.15-24, A/AC.166/L.25 and Corr.1, A/AC.166/L.26-34, A/AC.166/L.35/Rev.1, A/AC.166/L.36-51)

CONSIDERATION OF THE DRAFT DECLARATION ON THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER (concluded)

CONSIDERATION OF THE DRAFT PROGRAMME OF ACTION ON THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER (concluded)

CONSIDERATION OF DRAFT RESOLUTIONS (concluded)

1. The CHAIRMAN said that he was submitting to the *Ad Hoc* Committee, in his own name, a text of the draft Declaration on the Establishment of a New International Economic Order (A/AC.166/L.50) and a text of the draft Programme of Action (A/AC.166/L.51). Informal consultations had shown that the two texts might constitute the basis for a consensus, although some delegations wished to explain their positions or state reservations concerning them. He requested the Committee to authorize him to transmit the texts to the President of the General Assembly as the basis for a consensus in the plenary. The President of the Assembly would be able to give delegations wishing to do so an opportunity to explain their positions or state their reservations. If there was no consensus in the *Ad Hoc*

Committee to authorize him to take that action, he would withdraw the texts. If they were submitted to the General Assembly and adopted by consensus, the sponsors of documents A/AC.166/L.47 and A/AC.166/L.48 would withdraw their proposals. If his texts were not adopted by consensus, the sponsors of those documents would introduce their proposals in the General Assembly and request a vote on them.

2. He pointed out that the texts he was submitting contained a number of typographical errors, which would be corrected by the Secretariat in due course. He also wished to draw attention to a number of substantive revisions to document A/AC.166/L.51. In section I, paragraph 3, the text appearing as a separate paragraph (*d*) should be subparagraph (*v*), of paragraph (*c*) and the words “particularly with regard to their transportation and transit costs” should be inserted after the words “land-locked countries”. In section II, paragraph 1 (*g*), the words “all existing procedures relating to the voting system” should be replaced by “the relevant provisions”. In the introductory paragraph of section V, the words “in the formulation, adoption and implementation of” should be replaced by “to formulate”.

3. Mr. RICHARD (United Kingdom) said that his delegation’s agreement to the Chairman’s procedural proposal would not constitute approval of the texts and that it reserved the right to state its views on them in the General Assembly.

4. Mr. TANK (United States of America) said that his delegation’s position was the same as that of the United Kingdom delegation.

5. Mr. VON HIRSCHBERG (South Africa) said that, for reasons which would be clear to the Committee, his delegation could not accept the texts and formally dissociated itself from them. The question arose whether the texts could be said in such circumstances to have been adopted by consensus.

6. Mr. ARVESEN (Norway) said he agreed with the suggestion made by the representative of Norway.

7. Mr. RYDBECK (Sweden) said he agreed with the suggestion made by the representative of Norway.

8. Mr. GEHLHOFF (Federal Republic of Germany) said that his delegation had no objection to the procedural proposal, but it needed to seek new instructions from its Government concerning the substance of the texts. It therefore wished to make the same reservation as the United Kingdom delegation.

9. Mr. DRISS (Tunisia) said that his delegation supported the Chairman’s proposal, on the understanding that no vote would be taken in the General Assembly.

10. Mr. NESTERENKO (Union of Soviet Socialist Republics) and Mr. KAUFMANN (Netherlands) supported the Chairman’s proposal.

11. Mr. RAHAL (Algeria) recalled that at the beginning of the special session there had been general agreement that

the proceedings should be conducted in a spirit of co-operation and that confrontation should be avoided. The group of non-aligned countries and the Group of 77 had respected that agreement and had made a great effort to find common ground; any impartial observer had only to compare the original drafts of the Declaration and the Programme of Action with those now submitted as the basis for a consensus in order to see how far they had gone to accommodate other groups. The very existence of the developing countries was at stake; that was why they had accepted what they might have rejected in other circumstances.

12. However, the group of non-aligned countries and the Group of 77 wished to make the situation clear: they were not prepared to be so conciliatory towards other groups as to destroy their own unanimity. They welcomed the texts submitted by the Chairman as the basis for a consensus, but they could not accept that some delegations should join the consensus now, only to challenge it later.

13. Mr. UPADHYAY (Nepal) supported the Chairman’s proposal.

14. Mr. ABDEL MEGUID (Egypt) endorsed the comments made by the representative of Algeria. He appealed to the representatives of the United Kingdom, the United States and the Federal Republic of Germany to avoid confrontation at the current meeting and to express their reservations in the General Assembly.

15. Mr. TEMPLETON (New Zealand) supported the Chairman’s procedural proposal. His delegation believed that there was a wide measure of agreement on the substance of the documents and would have no difficulty in agreeing to their adoption in the General Assembly.

16. Mr. VERCELES (Philippines) supported the Chairman’s proposal. The need now was for the Committee to approve the Chairman’s papers without a vote, such approval being, of course, without prejudice to the right of any delegation to make observations or reservations in the General Assembly. He understood that all other proposals would be withdrawn if the Committee approved documents A/AC.166/L.50 and A/AC.166/L.51, but that any change in that decision in the Assembly would be without prejudice to the right of the sponsors to resubmit documents A/AC.166/L.47 and A/AC.166/L.48.

17. Mr. GARCIA ROBLES (Mexico) expressed full support for the Chairman’s proposal.

18. Mr. KARHILO (Finland) supported the Chairman’s proposal.

19. Mr. DE GUIRINGAUD (France) paid tribute to the Chairman’s untiring efforts, which had resulted in documents of great interest for all. He fully supported the Chairman’s proposal.

20. Mr. ZACHMANN (German Democratic Republic) expressed his delegation’s full support for the Chairman’s proposal.

21. Mr. FIGUERERO (Argentina) said that he shared the views expressed by the representative of Algeria, who had,

indeed, spoken for all the developing and non-aligned countries. It was quite clear that there was now virtually unanimous support for the Chairman's proposal, although some delegations did seem to be preventing international progress by their opposition to it.

22. Mr. ALARCON DE QUESADA (Cuba) said that he fully supported the Chairman's proposal and felt there was already a consensus in the Committee.

23. Mr. BELLIZZI (Malta) announced his delegation's unqualified support for the Chairman's proposal.

24. Mr. HARMON (Liberia) said that he fully supported the Chairman's proposal. He urged the members of the Committee to continue to demonstrate a spirit of co-operation in order to realize the objectives of the special session.

25. Mr. KITCHEN (United States of America) said his delegation was very appreciative of the efforts which had been made during the special session. It had been instructed to say that it would make no objection to the transmittal of the documents to the General Assembly. If, however, such transmittal was intended to imply unconditional acceptance of the substance of the documents, his delegation would not be able to support such a position.

26. The CHAIRMAN said that, if there was no objection, he would take it that the Committee adopted without a vote the texts contained in documents A/AC.166/L.50 and A/AC.166/L.51, on the understanding that delegations having reservations concerning those documents would express them at the next plenary meeting of the Assembly.

It was so decided.

27. The CHAIRMAN drew attention to the draft resolutions still before the Committee (A/AC.166/L.35/Rev.1, L.41, L.42, L.44, L.45, L.46, L.49).

28. Mr. AMERASINGHE (Sri Lanka) suggested that, although the Committee had no time for detailed discussion of all the draft resolutions, it should distinguish between those that were controversial and those that were not. The latter category included draft resolution A/AC.166/L.42, which he earnestly hoped the Committee would adopt forthwith by acclamation.

29. Mr. PANYARACHUN (Thailand) expressed his delegation's official and total support for the suggestion made by the representative of Sri Lanka.

30. Mr. PAQUI (Dahomey) observed that without discussion of the draft resolutions it was impossible to say which were controversial and which were not. The wisest course would therefore be to refer the draft resolutions to the Economic and Social Council.

31. Mr. AMERASINGHE (Sri Lanka) withdrew his request concerning draft resolution A/AC.166/L.42.

32. The CHAIRMAN suggested that the Economic and Social Council should be requested to study the draft resolutions as a matter of priority at its summer session and to report on them to the next regular session of the General Assembly, which should in turn give the Council's report priority attention.

33. Mr. TEMPLETON (New Zealand) remarked that draft resolution A/AC.166/L.42 called for more urgent action than the Chairman's suggestion would allow. As the Director-General of the Food and Agriculture Organization of the United Nations (FAO) had informed him that the emergency session of the Council of FAO called for in the draft resolution could be held in July, he urged that the draft resolution should be submitted to the current session of the Economic and Social Council.

34. Mr. BOATEN (Ghana) pointed out that developing countries like Ghana were already suffering from the world shortage of fertilizers. The question was an urgent one, and action of the type recommended in draft resolution A/AC.166/L.42 should be taken without delay.

35. Mr. DRISS (Tunisia) proposed that the Committee should recommend to the General Assembly that all the draft resolutions still outstanding should be referred to the current fifty-sixth session of the Economic and Social Council, which could then recommend prompt action or report on them to the Assembly as appropriate.

It was so decided.

36. Mr. CORDOVEZ (Secretary of the Committee) said that, in accordance with the procedure followed at previous special sessions of the General Assembly, a statement of financial implications had been issued as a document of the General Assembly.¹

Completion of the Ad Hoc Committee's work

37. The CHAIRMAN thanked all those who had participated in the proceedings of the *Ad Hoc* Committee and declared that the Committee had completed its work.

The meeting rose at 1.10 p.m.

¹ Subsequently circulated as document A/9557.

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